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# THIRD DEVELOPMENT PLAN FOR THE MALTESE ISLANDS 1969-74

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Office of the Prime Minister

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# PART I

# INTRODUCTION

# I. INTRODUCTION

The Maltese economy has traditionally been sustained largely by exploitation of the economic advantages deriving from its strategic position. These advantages have been undermined by the changed circumstances of the post war period, during which Britain has progressively run down its defence expenditure in Malta in accordance with the changing strategic priorities in the Mediterranean theatre.

1.2 Malta's challenge over the past decade has been the need to establish what is virtually a new economic way of life. Government has set the strategy — diversification away from defence activities ough a build-up of the sectors of manufacturing industry, agriculture and tourism — and has led the way, for private industry to follow, by its investments in infrastructure and by laying on a range of fiscal and financial inducements to attract private capital to the designated growth areas. The problem has been one of both time and scale. The build up in the developing areas has had to take place fast enough, and there has had to be a sufficiency of new jobs created, to keep pace with the Services' rundown together with the demand for new jobs generated by school leavers.

1.3 The revitalising of Malta's economy, and its progression to viability by way of conversion and expansion, is a long term process. Long term viability can only be reached when the rundown exercise is successfully and finally surmounted and — equally important — when economic development has been carried to the point where the economy has sufficient in-built resources to sustain future expansion without necessary recourse to outside aid. The stage of autonomous growth has certainly not been reached. There is a lot yet to be done and one must look to the coming Plan for further progress. The planning process is a continuous one over time, and although each plan has to work within its own particular time span they all, within their own limits, subscribe to the attainment of the strategic aims. The Third Plan will pursue the same broad objectives of strategy that have motivated the previous two plans. It will be aiming to achieve a high level of employment, through a further conversion of the Maltese economy, by 1974, and it will be endeavouring to do this by creating new activities relevant to Malta's overriding objective of long term viability.

1.4 The Plan is designed to achieve an average annual rate of growth of 9.4 percent between 1968 and 1973. The magnitude of this objective has been largely determined (a) by the need to ensure fruitful employment for the anticipated demographic increase in the labour force, as well as for those elements already employed who will be losing their jobs in sectors of the economy — principally the defence sector — which are running down their manpower levels, and (b) by the need to work towards overall higher standards of output, and living, for each employed worker. To meet this growth target it will be necessary for comparatively large investments to be made by both private and public sectors of the economy. The gross fixed investment in both sectors over the Plan period is expected to amount to £118 million, and the end result of it all should be an increase in the occupied labour force virtually to the point of full employment, and an increase in per capita national income of £135. The resources to sustain the investment should be readily available.

1.5 The private sector will continue to operate largely through market processes. Government will steer market forces towards planned targets by the magnitude and direction of its own expenditure programmes, as well as by continuing to provide the necessary inducements to ensure a level of investment compatible with planned sectoral needs. The Plan is essentially an exercise in partnership with both sectors — public and private — complementing each other's efforts and together contributing to the build up of Malta's economy along internationally competitive lines.

1.6 Development inevitably exerts pressures on prices and import requirements. It will be a major policy objective to maintain a stable price situation locally and to ensure that sufficient external resources are found, or earned, to keep Malta's external payments in overall balance. Monetary and fiscal policies will be actively pursued as necessary to accomplish these ends. The current account of Malta's transactions with the rest of the world is not expected to balance without foreign grants and private transfers of capital, but the likelihood is that these two supplementary flows will be of sufficient magnitude to sustain the tempo of development. Malta has relatively substantial foreign reserves and small temporary deficits can be accommodated by drawing if necessary on these reserves.

1.7 The balance of payments projections postulate a continuing improvement in Malta's export performance. Malta's ability to build up its export sector will however largely depend on its ability to remain, or become, cost competitive in foreign markets; and competitiveness in turn will, external factors apart, largely be determined by labour productivity and efficiency of management, supported by appropriate deployment of capital. It is therefore particularly important that such increased returns as may be claimed by factors of production should be earned by corresponding increases in productivity. Maintenance, indeed improvement, of Malta's competitive edge in overseas markets, in the commodity ranges it produces for export, is imperative if Malta is to take meaningful strides towards viability.

1.8 There will have to be large investments in manufacturing industry and tourism to achieve the growth of output and productivity we need, and to provide the capacity required for additional exports and import-replacement. A much higher proportion of Maltese capital should be invested in local productive enterprises, if only so that a greater part of residual profits from industrial activities will accrue to residents. This does not mean that Malta should discourage investment by foreigners: Malta will continue to make a special effort to attract productive investment by foreign companies which, with their know-how and access to ready markets in many cases, make a valuable contribution to the export drive. But the mix of capital subscription must be less dependant on foreign finance than it has been. Increased involvement in the development process by Maltese capital must also be accompanied by increased emphasis on the training and induction of local business executives and technicians to key positions in industry. In particular there must be emphasis on the nursing of Maltese entrepreneurial talent. Government and the Development Corporation will be endeavouring to create the climate and conditions in which such entrepreneurship can develop and be educated to pursue the techniques which are required for successful prosecution of productive enterprise. Dynamic entrepreneurship is the key to Malta's survival and local attitudes must be attuned to this fact.

# PART II

# SECOND FIVE YEAR PLAN

# II. SECOND FIVE YEAR PLAN

## 2. SCOPE, OBJECTIVES AND PERFORMANCE OF THE SECOND PLAN

### BACKGROUND

2.1 The 1959-1964 development plan, which preceded the second plan, was drawn up some time before the first rundown (1962-1967) actually commenced, but at a time when it was already clear that things were tending that way. The plan's prior objective therefore was to condition the economy to the strains and stresses likely to be imposed by large scale running down of British service establishments, and to get Malta's economic transformation started along the lines deemed appropriate to the Island's long term development strategy: diversification of the economy and a progressive build up of the private sector to take the slack created by the British withdrawal. The main tactical aims of the plan accordingly were: (a) conversion of the naval dockyard, the largest single service establishment, to commercial ship repair work under private ownership; (b) development of a competitive outward looking manufacturing sector, using both local and foreign skills and finance; (c) development of the tourist industry; and (d) further exploitation of the potential of the agricultural sector.

2.2 The specified aims related to areas of activity predominantly within the private sector of the economy. To ensure that action along the desired lines was taken, and that it was taken in conditions calculated to bear full economic fruit, Government had at its disposal two main instruments: (1) a capital investment programme designed to improve and extend the infrastructural amenities which would underpin the development of industry and tourism; (2) a package of enactments and policies designed to coax and make fruitful the investment of private capital in the designated growth areas. The Government's involvement in the development of physical infrastructure was widespread. Bottleneck points were identified and appropriate action was taken to ensure that the development effort generally was not constrained for lack of necessary infrastructural foundation.

2.3 The plan was not a complete success. The public sector did more or less what was expected of it: its infrastructural programmes were substantially accomplished; the legislative programme was carried out; and its fiscal and financial policies were firmly launched. Too much however was expected of the private sector in too short a time and the employment objectives were not, in fact, met. The anticipation had been that with the growth in industry and tourism, and with emigration leaking away substantial numbers of potential job seekers, there would be a situation close to 'full employment' by the end of the plan. In fact unemployment more than doubled to the level of some 8,000 persons in 1964. New industries were set up, and Malta was beginning to equip herself for the role of a tourist resort. The pace however was slow, and while considerable momentum was generated the main effect of it was to be seen after the end of the plan. Apart from this there were the political controversies of the time, which did not help, and there was of course the upsetting effect all round of the rundown which started in 1962 on a scale altogether more massive than what had previously been envisaged. Over the quinquennium, nevertheless, the general tempo of the economy was maintained, and there was a steady though unspectacular rise in gross national product.

## SECOND PLAN: OBJECTIVES

2.4 The second plan was drawn up in circumstances which gave it two important advantages over its predecessor. There was, firstly, the improvement in political climate. Its commencement virtually coincided with the assumption by Malta of political independence, which fact alone spared the economy the political uncertainties which had clouded earlier efforts to get the economy started. Secondly, there was the experience gained in the working of the first plan, and there was the further fact that many of the measures taken in the first plan could now be expected to bear fruit. But these positive aspects were completely overshadowed by the grim prospects of recession associated with the accelerating pace of the first rundown (1962-1967). A study had been made of the probable economic effects of the rundown and the advice tendered by experts was that, if remedial action was not taken to counteract its negative effects, the rundown was likely to lead to a drop in national income of some 15 per cent, and unemployment in the Island was likely to rise to some 20,000 on favourable assumptions and possibly even to 29,000 on less favourable assumptions.

2.5 It was the second plan's overriding objective, therefore, to contain the rundown and to do so moreover without if possible sacrificing living standards already attained. The sights were set no higher than this, and there was even some doubt as to whether this holding operation would work. A team of United Nations Advisers, who came to Malta to advise on the scale, composition and general aims of the plan, did not think it could be done with a public investment programme of under £38 million. But their advice was that Malta's absorptive capacity could not take anything more than £26 million, which was roughly the effective level of investment achieved in monetary terms in the first plan. It was their considered opinion that Malta should settle for such a curtailed programme, even if it meant some decline in the level of per capita incomes. The Malta Government did not accept this view. It was felt that nothing less than a stabilising of per capita incomes, with unemployment pegged at the 1964 level, should be attempted: this could be done by bolstering absorptive capacity in various ways. The Plan accordingly made provision for a £38 million programme.

2.6 While holding the rundown was the overriding aim of the second plan it did not in other respects differ very significantly from the aims and objectives set for the first plan. There was the same long term objective of economic viability — set in a time scale of from fifteen to twenty five years by the United Nations Advisers — through the building up of an export oriented economy; the same drive for the development of the key sectors of industry, tourism and agriculture; the same participation by Government in the development process through assumption of responsibility for the strengthening of infrastructure; and the same determination by the Government to use appropriate monetary, fiscal, financial and other aid policies to further the ends of development in the private sector. There was also a commitment by Government to attune the Government machine to the needs of a developing economy, and to effect the necessary organizational and institutional changes, in both the public and private sectors, which would conduce to growth along the designated lines.

2.7 The second plan is over, and it is now clear in retrospect that this was a plan where the targets were set with extreme caution: little more was expected of it than that it should keep the economy ticking while the change-over from a defence

oriented to an export oriented economy was taking place. As things turned out the private sector build-up, in response to the Government's programmes and policies, was altogether more dynamic and rapid than the planners had allowed for. It was therefore possible to use the plan as a launching pad for rapid progress instead of as a purely defensive mechanism. The record is one of substantial achievement by almost any yardstick. Detailed assessments of progress and growth are given in Chapters 3 and 4, where the record is examined in terms of the magnitudes — national income, employment, savings, investment and productivity — by which the quality of economic performance is usually judged.

## SECOND PLAN: PERFORMANCE OF PUBLIC SECTOR PROGRAMMES

### *Plan Orders of Magnitude*

2.8 The 1964-1969 plan budgeted for an overall programme of some £38.4 million, of which total sum it was anticipated that an element of some £5 million would remain unspent by the end of the plan. In fact total expenditure on the second plan has come to £33.5 million, leaving an unexpended balance of exactly £5 million, a highly creditable out-turn, particularly when one considers the inevitably slow pace of development in the earlier years of the plan.

2.9 The original expectation of the spread of the plan was that *Economic* services would take up £24 million of the total of £38.4 million; that *Social* services would use £10 million and *Basic* services some £3.5 million; with the unexpended balance more or less proportionately distributed. Actual plan disbursements have been of the order of £21.1 million in *Economic* services, £7.4 million in *Social* services and £4.2 million in *Basic* services. A schedule showing the allocation of funds to the several heads of expenditure, within the broad groupings, and the actual outlays of those same heads and groupings, is given at Table 2.1. The impression one is left with is of remarkable adherence to the priorities of the plan. The major effort of the plan was directed at the sector of *Economic* services, for which grouping 63 per cent of available plan funds were earmarked. In fact *Economic* services accounted for 63 per cent of total outlays actually made.

2.10 It is possible to give second plan projects an alternative grouping. One can see them as being: (a) projects for which Government was directly responsible or for which Government had ultimate responsibility; or (b) projects the main object of which was to influence private investment. Social and Basic services all come under category (a); one finds both categories under Economic services. In the grouping of Economic services there are the appropriations made with a view to stimulating private initiatives in the areas of Industrial Development, Tourism and Agriculture. The record in respect of these sectors of development is examined in some detail in Chapter 4. In regard to category (a) projects: there is also some coverage of main developments in Chapter 8, where projects for the coming plan, under the various heads, are presented in a moderately retrospective vein. It would be useful nevertheless to take a look now at some of the highlights of category (a) development. For presentational purposes it would be convenient to follow the Economic-Social-Basic classification .

*Economic Services*

2.11 The heads concerned here are: Water, Port, Electricity, Technical Education and Higher Education.

(a) *Water.* The main objective of water policy has been to increase production, to cater for increased demand as well as to permit some reduction of the volume of ground water extraction, and to improve on methods of conservation and use. In regard to conservation and use the main effort has gone into replacing worn-out transmission mains and improving metering arrangements at the consumer's end. A great deal has been done here within the limits of funds placed at the Water Department's disposal. The most significant progress however has been in the field of new water production. Steps were taken during the first plan to order the first one million gallons per day distiller for which provision was made in the new Power/Water Station project. This distiller was delivered during 1967 and has come into full production after some teething troubles. Orders were placed for the second, third and fourth distillers in mid 1967, with delivery and installation due in the course of 1969/70. These four distillers are designed to have a production potential of no less than 4.5 million gallons a day. Technical studies for the installation of a half million gallons per day distiller in Gozo were also undertaken and tenders were invited for a contract to be placed in the early phases of the Third Plan.

(b) *Port.* The main development in this area was the extension of Coal Wharf as part of a larger project for the development of the South-West extension of the Grand Harbour. The rest of the project, together with the Car Ferry/Passenger Terminal project, which was another major item figuring in the second plan, was held in abeyance pending a study by consultans of Grand Harbour development in the light of the use likely to be made of the Harbour's facilities in future. The need was felt to update Grand Harbour development policy as the last comprehensive study of Harbour requirements was made back in the middle fifties.

(c) *Electricity.* The capacity of the public electricity supply was vastly strengthened during the second plan and at the end of the plan further major developments were in prospect. The first phase of the new Power/Water Station project was brought into commission in 1966. This raised installed capacity from 30 Megawatts to 55 Megawatts, with firm capacity at 42.5 Megawatts. Two additional generators were ordered in 1968, each of 30 Megawatts capacity: the first scheduled for completion early in 1970 and the other generator to follow soon after.

(d) *Technical Education.* The policy here was one of consolidation and expansion. Vocational training courses continued to be run for increasing numbers of participants at the Government Industrial Training Centre; and the Malta Technical Institute as well as the Secondary Technical Colleges at Hamrun and Naxxar took as many students as they could accommodate. The Polytechnic was brought into full operation, with courses at degree, professional and sub-professional level in a variety of subjects. There was a heavy programme of new construction during the second plan. Another Secondary Technical school for boys was built at Naxxar; and work commenced on two additional Technical Institutes: one at Naxxar and the other in Gozo. With the completion of these projects (in the Third Plan) the programme of school building in the technical education field will be substantially completed.

(e) *Higher Education.* The main effort went into the construction of the new University complex at Tal-Qroqq. Work started late in 1964 and sufficient

progress was made for the University to take up residence in the new location three years later. The project will be completed during the Third Plan. The University has been enabled to expand both its teaching curriculum and the number of students. The various faculties were enabled to develop new interests and adapt the teaching structure to the needs of Malta's changing face. The teaching of economic and social sciences in particular was expanded.

*Basic Services*

2.12 There are two heads of expenditure in this grouping:

(f) *Telephones.* The plan objective of 20,000 subscriber lines by 1969 was met and exceeded. Major schemes during the second plan were the extension of Central Exchange to take 10,000 lines, and the expansion of Sliema Exchange to a capacity of 7,000 lines. The building of a third major Exchange at Birkirkara, with an initial capacity of 6,000 lines, was also virtually completed, and expansion of several of the smaller exchanges was successfully accomplished.

(g) *Roads.* The strategy of road development during the plan was to improve existing facilities, relieve traffic congestion at bottle-neck points and further the ends of development generally by expanding the road network in areas and along routes calculated to serve the interests of industry and tourism especially. There were the usual road improvement and resurfacing items; the plan however was noteworthy for the number of major projects completed or in progress. Blata l-Bajda Flyover was opened to traffic some time ago; Kingsgate in Valletta was remodelled and work taken in hand on the formation of Kingsgate Square. Sliema Regional Road made good progress and a fair sized part of it was opened to traffic. Much work was done on Hamrun By-Pass and on Ghadira/Mellieha Road. Work proceeded on the Panoramic Road. All these are extensive schemes on which work will continue in the Third Plan.

*Social Services*

2.13 Included in this category are the heads of Education (Primary and Grammar), Health, Housing and Sewers:

(h) *Education (Primary and Grammar).* With the accommodation needs of Primary schooling largely met by 1964 the second plan set itself the relatively modest objective of completing the constuction works in hand, and of putting up a few additional schools, mainly with a view to improving the accommodation of school children inadequately housed. The Valletta, Mosta, Hamrun, Victoria (Gozo) and Ghajnsielem schools, started before 1964, were brought to completion. Of the various schools started during the second plan the one at Mensija was completed; the schools at Mellieha, Cospicua, St Venera and Marsascala were almost completed; and work was in progress at Rabat. New premises were going up at Cospicua, Birkirkara and Mosta for the Extension Courses which were planned to be introduced during the 1964-1969 period. These will now be put to use in connection with the Government's 'Secondary Education for All' plan (Vide Chapter 8). Special schools for handicapped children were constructed at Wardija and Qormi. An additional Secondary (Grammar) school for girls was built at Mriehel and sufficient progress was made to permit partial occupation.

(i) *Health.* Apart from the routine hospital modernisation and equipment items the main elements of the Health programme were the Children's Hospital, the Refuse Pulverisation project and Gozo Hospital. The Children's Hospital met with planning difficulties and had to be put off to a later date. The Refuse Pulverisation project was also put in abeyance pending the outcome of the Water Supply and Wastes Disposal scheme being undertaken jointly by Government and the World Health Organisation. When the second plan was brought out there was provision for the modernisation of the various small old hospitals in Gozo. This was superseded by Government's decision in 1967 to scrap the piecemeal approach and go for a completely new General Hospital in Gozo, capable of taking up to 320 beds and providing facilities for general, geriatric and psychiatric treatment.

(j) *Housing.* On the evidence of the 1967 decennial census building activity over the last decade has led to a substantial improvement in housing conditions. The number of private dwellings has increased, overcrowding has diminished and there are fewer households sharing accommodation than was the case in 1957. The following figures tell their own tale:

| | 1957 | 1967 |
|---|---|---|
| Private dwellings ... ... ... ... ... | 73,619 | 87,060 |
| Households ... ... ... ... ... | 74,563 | 76,579 |
| Households with two or more persons per room | 14,393 | 13,534 |
| Households with three or more persons per room | 5,782 | 4,310 |
| Dwellings occupied by two or more families ... | 10,583 | 4,599 |
| Persons in common tenement houses ... ... | 6,673 | 3,981 |

Government has contributed to this easing of the housing situation. During the second plan 150 flats and terraced houses were built on Government account and let at subsidised rents. A Home Ownership scheme was launched and some 105 applicants were given awards of grants and long term soft loans. About 280 applicants were given assistance towards the building of 'second storey' apartments; and as many as three thousand households benefited from grants given for the reconditioning of sub-standard houses. Of course this has not solved the housing problem altogether. There is evidence that at the lower end of the scale much remains to be done. To some extent the present housing boom has bypassed the low income elements in search of appropriate housing, and, while the long term trend remains favourable, it is recognised that the situation warrants more massive intervention by Government in the construction of low priced rental housing. The Third Plan makes appropriate provision for large scale Government building.

(k) *Sewers.* There was a very extensive programme of sewer laying in various parts of Malta and Gozo, aimed at bringing the outlying regions within the waterborne sewerage complex, and at servicing the areas in which development in industry, housing and tourism was taking place. There was also some modification and improvement of existing drainage service, where it was felt that improved pumping plant was needed to maintain satisfactory flows of effluent. One major new project was the Water Supply and Wastes Disposal study under World Health Organisation auspices, started in 1968. This is a major project which will take some three years to complete. In regard to 'wastes disposal' the object of the scheme is broadly to examine the possibility of putting sewage effluent to productive use in agriculture, and perhaps also in the recharging of the water aquifers.

## FINANCING OF THE PLAN

2.14 The total plan requirements of funds was £33.5 million. British aid was the main contributory source and £24.6 million(1) were drawn under the provisions of the 1964 Financial Agreement. £4.1 million(2) were raised by way of local loan development stock and the balance of £4.8 million was found (a) by the Electricity Board (£4.6 million) from its own resources, from IBRD loan tranches and from drawings under the Italian Loan Agreement and (b) by the Gas Board (£0.2 million) using its own funds.

## ROBENS MISSION

2.15 Discussions between the British and Maltese Governments, arising out of the British decision to have a second massive rundown of British forces in Malta, led to the appointment early in 1967 of a Joint Mission chaired by Lord Robens. The terms of reference of the Mission were, broadly, to examine the impact of the proposed rundown on the Maltese economy, to consider what measures were needed to condition the economy to take such a rundown, and to assess whether it would be possible to manage an expansion of the productive sectors of the economy to an extent sufficient to absorb the rundown, while also taking the normal demographic increase and allowing for a reduction in unemployment and emigration to pre-1962 levels by 1972. To all intents and purposes this was a mandate to 'review' the second plan to see whether, and where, it needed strengthening or updating in the light of the additional burden of a second rundown.

2.16 The Mission's report was an encouraging one. The target set was quantified at 15,000 new jobs to be provided by 1972. This was perfectly feasible, the Mission felt, if the right strategy was adopted. There would have to be a policy of expansion with the main effort of growth taking place in the sectors of manufacturing industry and tourism. This effort would in turn be sustained by an expanded and accelerated drive for the development of Government's physical and institutional infrastructure. The physical programme was largely 'the Plan' magnified in some respects and brought forward in others. The water distillation programme was to be stepped up: a second generator was to be added to the original plan intention to have a new 30 Megawatts unit installed before 1969; the port development programme was to be pursued with greater despatch; the telephone expansion projects were to be completed as soon as possible. A feature of the Robens programme was the recommendation that Luqa Airport should be enlarged and modernised.

2.17 Vital to the Mission's programme for the development of new industries in the manufacturing sector was its recommendation that Government should go in for advance factory building, on Government factory estates, on a much larger scale than hitherto. A proposal was made to build fifty new factories, in addition

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(1) British aid drawn during the 1964-69 period actually amounted to £28.2 million but £1.35 million of this went towards meeting the costs of technical education under the Recurrent Budget and a further £2.25 million went on a direct loan, in terms of the Financial Agreement, to Bailey (Malta) Ltd. British aid was made available on the 3:1 grant/loan ratio negotiated for the first five years of the Financial Agreement.

(2) The amount of local loan money actually raised was £5.1 million, but £1 million of this was advanced to the Malta Drydocks Corporation in terms of the 1968 Drydocks Corporation Act.

to those already being built. In regard to tourism the Mission's main preoccupation was with the removal of constraints on the development of more hotel capacity, with the setting up of proper machinery for the regulation of hotel standards, with the need for a constant reappraisal of tourist development by the appropriate authorities, and above all with the notion that there should be a revitalised Tourist Board with powers and duties so devised as to enable it to supervise and direct the development of the tourist sector from a position of administrative power. This was one of the recommendations of the Mission bearing on the administrative organisation of Government. Others were the proposal that a new statutory authority should be set up to take over administrative control of port operations in Grand Harbour; and the suggestion that a Training and Placement Authority should be set up with control over the whole programme of training and retraining labour for the new jobs in industry and tourism. The Mission also urged that Government should finalise its arrangements for the setting up of the proposed Development Corporation as soon as possible.

2.18 The Mission's report was largely adopted and implementation of the 'accepted' proposals has since been the active concern of the Malta Government. A Steering Committee was set up in late 1967 to monitor the implementation of the programme proposed and to advise the Maltese Government on matters connected with implementation. A time scale was set by the Committee for the carrying out of particular tasks in the programme by the Malta Government as an integral part of its overall development effort. In its report on the working of the Mission's programme for the year 1968 the Steering Committee expressed itself satisfied with the performance of the economy since July 1967, when the Mission report was presented, and it particularly reaffirmed its confidence in the capacity of the economy to find the required 15,000 new jobs by 1972.

## DEVELOPMENT CORPORATION

2.19 The strategy of development places reliance on private initiatives and private financing of growth in the sectors of industry and tourism, supplemented by appropriate government policies and fiscal-cum-financial inducements to stimulate such initiatives. It has been a feature of industrialisation in Malta that the impetus and risk financing of most of the larger export-oriented enterprises has come from foreigners. Government has been directing its endeavours to secure a greater participation of local capital and enterprise, but this policy has been impeded by two main obstacles:

(a) The ingrained conservatism of the average Maltese saver, coupled with the relative lack of experience of equity participation and the evident reluctance on the part of many of the newly established industries to 'go public'.

(b) The absence of an appropriate range of institutional facilities for the putting of local private savings into productive harness. It has been observed that Malta has been industrialising largely under foreign steam and that, in so far as private equity capital has played a part, this has been forthcoming largely from outside sources. Private loan capital on the other hand has come mainly from commercial banks in Malta; but while their contribution has included some degree of medium and even long term financing, the facilities for such financing have on the whole been inadequate.

2.20 These considerations have pointed to the need for a state sponsored Industrial Finance Institution in Malta. A Development Corporation was accordingly set up in the early part of 1968. In terms of the Malta Development Corporation Act it is the function of the Corporation among other things, (1) to investigate, formulate and carry out projects for the establishment, continuation, expansion or improvement of industrial enterprises; (2) to encourage and promote the participation of private capital, both domestic and foreign, in the development of industrial enterprises of all sorts; (3) to render assistance and advice in the formulation and execution of industrial projects by providing technical assistance on managerial, engineering, accountancy and other matters requiring technical skill, and by encouraging the development of management and technical skills; (4) to deal in industrial assests by buying, holding or selling as it deems fit; and (5) to take over, on an agency agreement with Government, the duties of administering aid monies in the industrial and tourist development sectors. In the exercise of its functions the Corporation can make all forms of investment, including the direct ownership of industrial enterprises, grant loans and advances to industries, subscribe, underwrite or deal in shares and debentures, guarantee loans and advances to industries, and manage and control industrial enterprises. These are very broad ranging functions which should enable the Corporation to play a comprehensive role in developing the latent potential of private industrial enterprise.

2.21 The Corporation has access to ample funds. It has an initial paid up capital of £1 million subscribed by Government; and there is a balance of a further £9 million authorised capital which can be raised from Government in terms of the law. In addition it has extensive borrowing powers, and can secure its borrowings by the issue of debentures or other forms of security. Its credit rating for this purpose can be further reinforced by Government guarantee of both principal and interest. Its funds for the administration of Government aids are of course entirely provided by the public exchequer.

2.22 It is important to make a clear distinction between the monies which Government has made available to the Corporation to **administer**, in the sectors of industry and tourism, on aid account and the monies which Government has **invested** in the Corporation as paid up capital. The two 'roles' of the Corporation are in fact quite distinct. In one role, that financed by Government's subscribed capital and authorised borrowing, the Corporation has taken on the function of a Development Bank. In this role it operates independently of Government, subject only to general directives of policy and control over credit raising, using its own funds and pursuing substantially economic ends within the limits of its functional competence. In the Corporation's other role it is no more than Agent of Government, using separate funds, made available for the purpose, which were formerly being administered under the aegis of the Aids to Industries and Tourist Boards.

2.23 The Agency relationship was formalised by an Agreement between Government and the Corporation in April 1968. In terms of the Agreement Government has undertaken to make over to the Corporation each year the funds provided for grants and loans in respect of industry and tourism. The Corporation is responsible for the 'administration' of these funds and is guided in its handling of the agency by directives given by Government from time to time regarding policies to be pursued.

## Second Plan: Original Provisions and Actual Outlays

Table 2.1

| | Total Plan Expenditure | |
|---|---|---|
| | Planned | Actual |
| Telephones ... ... ... ... | 767,031 | 915,163 |
| Roads ... ... ... ... ... | 2,660,072 | 3,248,142 |
| **Basic Services** ... ... | 3,427,103 | 4,163,305 |
| Water ... ... ... ... ... | 2,171,590 | 2,459,758 |
| Port ... ... ... ... ... | 2,234,833 | 378,137 |
| Electricity ... ... ... ... | 5,319,120 | 5,589,342 |
| Industrial Development ... ... | 5,944,000 | 5,028,877 |
| Tourism ... ... ... ... | 3,634,383 | 3,154,956 |
| Agriculture and Fisheries ... ... | 1,646,761 | 1,353,003 |
| Milk Marketing Undertaking ... | 363,664 | 291,282 |
| Gas ... ... ... ... ... | 353,425 | 228,895 |
| Technical Education ... ... ... | 1,416,965 | 1,346,235 |
| Higher Education ... ... ... | 1,209,612 | 1,315,308 |
| **Economic Services** ... | 24,294,353 | 21,145,793 |
| Education (Primary/Grammar) ... | 2,076,463 | 969,705 |
| Antiquities ... ... ... ... | 464,117 | 233,973 |
| Health ... ... ... ... | 1,041,231 | 518,138 |
| Housing ... ... ... ... | 990,109 | 896,188 |
| Sewers ... ... ... ... | 1,838,820 | 1,507,625 |
| Public Building and Services ... | 3,799,464 | 3,287,262 |
| **Social Services** ... ... | 10,210,204 | 7,412,891 |
| War Damage ... ... ... ... | 486,281 | 804,905 |
| **Totals** ... ... ... | 38,417,941 | 33,526,894 |

## 3. ECONOMIC PERFORMANCE OF THE SECOND PLAN

The second five year plan has been an experience of rapid economic expansion in circumstances which did not initially bode well for Malta's future. The main challenge was to contain the 'first' British Services rundown and the expectation was that Malta would do well if it managed to secure even a small measure of growth over the period. The actual outcome was altogether more favourable. The rundown was 'taken' and the economy managed in addition to take giant strides forward at an accelerating pace. This was a major achievement, rendered all the more remarkable by the fact that there was the additional, totally unforeseen, complication of a 'second' services rundown, which started in the latter half of 1967 and which at one time seemed likely to brake the momentum of growth.

3.2 The plan set out to keep per capita income steady in real terms; gross national product in real terms actually rose by some 38 per cent from 1964 to 1968. Unemployment was expected to remain at around the 1964 level (8,000) and indeed even this target postulated a very high level of emigration: in fact, with emigration substantially less than was envisaged, unemployment at the end of 1968 was below 4,000. It was expected that the economy would be providing gainful employment for 83,000 persons by 1968: the figure for end of 1968 was actually 95,800. The projections of the likely Balance of Payments situation envisaged a tight position with the balance needing very careful watching. In fact the record has been one of continued investment abroad of surpluses accruing to the economy; in spite of an expansion of over 40 per cent in per capita consumption in money terms and in spite of an ever increasing level of imports. Domestic exports and the credit balance on invisible transactions (including transfers) have proved quite sufficient to meet the increase on the debit side and leave some margin to spare.

### STRUCTURE OF THE ECONOMY

3.3 Gross national product rose steadily from 1964 onwards. Measured at market prices there was an increase of 43.5 per cent from 1964 to 1968. In real terms the increase came to around 37.8 per cent. The industrial, or sectoral, origin of GNP (at factor cost) is given at Table 3.1 in a time series for the period from 1964 to 1968. The figures are largely self explanatory but they provide an interesting focus of the changing structure of the economy: (a) as it adapted itself to successive doses of British defence retrenchment, and (b) as it responded to the impulses of development policy and capital investment in both the public and the private sectors. The salient feature of the series is the development of manufacturing, both in absolute terms and as a share of GNP. Equally striking has been the steady decline in relative terms of the defence sector. Wholesale and retail trade, on the other hand, has remained at or near the top most of the time. Public Administration too has remained prominent, as indeed one would expect in a country where the Civil Government plays a dominant role in development. The effect of investment and promotional activity on the tourist industry has begun to show (private services). Agriculture has never been anything like sufficient for Malta's needs, and with arable land strictly limited the country

cannot hope to do without large scale imports of foodstuffs. Its contribution to GNP, as expressed in this set of statistics, nevertheless perhaps understates the importance of this sector to the economy. The figures relating to construction are interesting. There was a slump in the early sixties, during the initial phases of the 1962 rundown, but the sector has been both a symptom and a pacemaker of the general buoyancy of the economy after 1964. This emerges more clearly, actually, from the employment figures (Table 3.10) than it does from the GNP series.

## Gross National Product

Table 3.1 £ thousand

| Sector | 1964 | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|---|
| Agriculture and Fisheries ... ... | 3,176 | 3,516 | 3,600 | 3,931 | 4,545 |
| Construction and Quarrying ... ... | 2,316 | 2,550 | 2,961 | 3,693 | 3,888 |
| Manufacturing ... ... ... | 7,847 | 9,027 | 11,436 | 10,952 | 12,619 |
| Transport and Communications ... | 2,063 | 2,148 | 2,254 | 2,400 | 2,628 |
| Wholesale and retail trades ... ... | 9,140 | 9,353 | 10,213 | 10,558 | 11,091 |
| Insurance, Banking and Real Estate | 1,249 | 1,537 | 1,949 | 2,345 | 3,033 |
| Government Enterprises ... ... | 1,446 | 1,802 | 1,975 | 2,289 | 2,737 |
| Public Administration ... ... ... | 5,912 | 6,229 | 6,893 | 7,995 | 8,990 |
| Military Services ... ... ... | 5,721 | 5,488 | 5,155 | 4,983 | 5,640 |
| Property Income | | | | | |
| Domestic ... ... ... ... | 2,381 | 2,533 | 2,694 | 2,931 | 3,108 |
| From abroad ... ... ... | 4,132 | 4,261 | 4,184 | 4,513 | 5,249 |
| Private Services ... ... ... | 2,283 | 2,504 | 2,578 | 3,613 | 3,779 |
| GNP at Factor Cost ... ... ... | 47,666 | 50,948 | 55,892 | 60,203 | 67,307 |

## RESOURCES AND USES

3.4 Table 3.2 shows the sum total of resources available to the Maltese economy, and their broad deployment, over the period from 1960 to 1968. The growth of total resources — national product at market prices plus imports — was minimal, even in money terms, from1960 to 1964 but quite spectacular from 1964 to 1968. From £85.9 million in 1960 resources increased to £91.4 million in 1964 and to £137.4 million in 1968.

**Resources and Uses (1)**

Table 3.2

| | Current Market Prices (£ million) | | | Percentage Change | |
|---|---|---|---|---|---|
| | 1960 | 1964 | 1968 | 1960/64 | 1964/68 |
| RESOURCES | | | | | |
| Gross National Product ... ... | 51.5 | 53.3 | 76.5 | 3.5 | 43.5 |
| Imports of goods and services ... | 34.4 | 38.1 | 60.9 | 10.8 | 59.8 |
| USES | | | | | |
| Consumption: Total ... ... ... | 42.5 | 46.0 | 65.4 | 8.2 | 42.2 |
| Private consumption ... ... | 34.2 | 37.4 | 53.2 | 9.4 | 42.2 |
| Government consumption ... | 8.3 | 8.6 | 12.2 | 3.6 | 41.9 |
| Investment: Total ... ... ... | 10.2 | 11.3 | 19.9 | 10.8 | 76.1 |
| Private sector: Construction ... | 2.8 | 3.0 | 6.8 | 7.1 | 126.7 |
| Machinery ... | 3.1 | 5.3 | 7.6 | 71.0 | 43.4 |
| Public sector: Construction ... | 4.0 | 2.3 | 3.3 | −42.5 | 43.5 |
| Machinery ... | 0.3 | 0.7 | 2.2 | 133.3 | 214.3 |
| Stock building (2) ... ... ... | 0.8 | 1.8 | 3.1 | 125.0 | 72.2 |
| Exports of goods and services ... | 32.4 | 32.3 | 49.0 | −0.3 | 51.7 |

3.5 Between 1960 and 1968 the national product grew, on an average, by some six per cent per annum in money terms. Within the period, 1960-64 were years of relative stagnation with a growth of 3.5 per cent for the whole four years. On the other hand 1964-68 were years of rapid growth; with gross national product increasing by 43.5 per cent, investment by 76 per cent and consumption by 42 per cent. In real terms: gross national product dropped by 2 per cent over 1960-64; it rose by 37.8 per cent from 1964 to 1968. Reconciliation of the statistics in real and money terms suggests that the post 1964 boom has occurred in the context of relative stability of prices. Import requirements have, of course, been rising steadily with the general pace of development and have, over the years, come to

(1) Source: Central Office of Statistics. (2) Including "residual error".

represent a higher proportion of total resources. Imports contributed 40% of total resources in 1960; the figure rose to 41.7 by 1964 and rose further to 44.3 per cent in 1968.

3.6 The pattern of use of retained resources — total resources net of exports — has undergone some change. Despite an absolute increase in private consumption of as much as 42 per cent in money terms there has been a drop in the share of retained resources going to consumption. Consumption had 79.4 per cent of these resources in 1960. This figure dropped to 77.9 per cent in 1964 and to 73.9 in 1968. Investment, on the other hand, rose from 20.6 per cent in 1960 to 22.2 per cent in 1964, and 26.0 in 1968.

## CONSUMPTION

3.7 The increase in total consumption over 1964-68 did not outpace the growth in gross national product, and the respective shares of aggregate consumption taken by the private and public sectors remained much the same. In absolute figures however *private consumption* rose quite sharply. It amounted to £146 per head in real terms in 1968 as against £108 in 1964, and this is a fair indication of the extent of improvement in living standards. As shown in Table 3.3 there were increased outlays on all categories of consumer goods, with the increase being most marked on purchases of durable and other household goods, drink and tobacco, recreation and entertainment.

**Private Consumption Expenditure**

Table 3.3

| | Current Market Prices (£ million) | | Percentage Change |
|---|---|---|---|
| | 1964 | 1968 | 1964/1968 |
| Food ... ... ... ... | 14.4 | 20.1 | 39.6 |
| Drink and tobacco ... ... | 2.9 | 4.8 | 65.5 |
| Housing ... ... ... ... | 2.1 | 3.1 | 47.6 |
| Fuel and light ... ... ... | 1.1 | 1.6 | 45.5 |
| Durable goods ... ... ... | 2.9 | 5.0 | 72.4 |
| Other household goods ... ... | 0.7 | 1.1 | 57.1 |
| Travel, recreation and entertainment ... ... ... ... | 2.7 | 4.1 | 51.9 |
| Other ... ... ... ... | 10.6 | 13.4 | 26.4 |
| Total Consumers' Expenditure | 37.4 | 53.2 | 42.2 |

3.8 *Government consumption* expenditure grew overall by about 42 per cent during 1964-68. The breakdown at Table 3.4 gives an indication of the distribution of this expenditure in terms of 'areas' of administrative responsibility. It is important to bear in mind that the aggregate amounts shown in this table do not give a full measure of the extent of Government's contribution, in services and in kind, as well as in money grants, to the well-being of the country. The "consump-

tion" expenditure (Table 3.4) was in fact supplemented by additional outlays in the form of transfer payments (Table 3.5) — subsidies, social assistance benefits, assistance to emigrants, etc. — borne out of the Government's recurrent resources.

**Government Consumption Expenditure**

Table 3.4

| | Current Market Prices (£ million) | | Percentage Change |
|---|---|---|---|
| | 1964 | 1968 | 1964/1968 |
| Administration ... ... ... | 1.3 | 2.0 | 53.8 |
| Justice, Police & Civil Defence ... | 1.1 | 2.0 | 81.8 |
| Roads, Waterways, Sanitation and other Community Services ... | 1.2 | 1.1* | -8.3 |
| Health and Education & other Social Services ... ... ... | 4.5 | 6.5 | 44.4 |
| Agriculture ... ... ... | 0.3 | 0.4 | 33.3 |
| Other ... ... ... ... | 0.2 | 0.2 | — |
| Government Consumption Expenditure ... ... ... ... | 8.6 | 12.2 | 41.9 |

**Transfer Payments**

Table 3.5

| | Current Market Prices (£ million) | | Percentage Change |
|---|---|---|---|
| | 1964 | 1968 | 1964/1968 |
| Subsidies ... ... ... ... | 1.6 | 1.6 | — |
| Current grants to persons including social assistance ... ... ... | 3.0 | 3.8 | 26.7 |
| Total Transfer Payments ... ... | 4.6 | 5.4 | 17.4 |

## INVESTMENT

3.9 Growth over the 1964-68 period has been generated, in large measure, by the heavy fixed investment programmes undertaken on both public and private account. Public sector gross fixed investment rose from around £3 million in 1964 to £5.5 million in 1968; private gross fixed investment rose from £8.3 million to

* The lower recurrent expenditure on roads and sewers shown for 1968 was counter-balanced by increases in the capital budget.

£14.4 million. The private figures seem more impressive than the public inputs, but it is important to bear in mind that the private figures are inflated, and the Government's figures correspondingly deflated, by the inclusion under private sector investment of the very considerable incentive payments made by Government in aid of industrial, tourist and agricultural development. Nevertheless there was a pronounced, and welcome, trend towards a greater participation of the private sector in the development of the country. Gross fixed capital formation, all told, averaged around 25 per cent of gross national product at factor cost.

3.10 The 1964-68 period is of particular interest in the investment context because it relates to the years when Malta's development efforts started to bear visible fruit after years of patient endeavour. The response of the private sector to the investment opportunities which arose is quantified in the breakdown at Table 3.6 which shows how much went to the respective 'areas' of the entire private sector during each of the years of the period. The figures broadly reflect the prevailing investment priorities: manufacturing, hotels and agriculture took 41 per cent of available investment finance; housing had 26 per cent and about 33 per cent went into transport, construction and quarrying, distribution and private services.

**Fixed Investment (Gross)**

Table 3.6 — £ thousand

| | 1964 | 1965 | 1966 | 1967 | 1968 | Total 1964/68 |
|---|---|---|---|---|---|---|
| PRIVATE GROSS FIXED INVESTMENT | | | | | | |
| Agriculture & Fisheries | 245 | 323 | 201 | 210 | 265 | 1,244 |
| Construction and quarrying ... ... | 280 | 249 | 494 | 387 | 591 | 2,001 |
| Manufacturing ... | 2,565 | 2,405 | 2,285 | 2,819 | 3,061 | 13,135 |
| Transport ... ... | 1,350 | 1,224 | 1,733 | 2,159 | 2,947 | 9,413 |
| Distribution ... ... | 548 | 401 | 325 | 396 | 485 | 2,155 |
| Housing ... ... | 1,618 | 1,266 | 2,678 | 3,808 | 4,025 | 13,395 |
| Hotels ... ... ... | 1,076 | 1,177 | 703 | 1,270 | 2,122 | 6,348 |
| Private services ... | 568 | 642 | 388 | 485 | 902 | 2,985 |
| Total ... ... | 8,250 | 7,687 | 8,807 | 11,534 | 14,398 | 50,676 |
| Government gross fixed capital formation ... | 1,755 | 1,849 | 2,519 | 2,404 | 3,103 | 11,630 |
| Public corporations' gross fixed capital formation ... ... | 1,279 | 2,248 | 1,818 | 1,702 | 2,407 | 9,454 |
| Total ... ... | 11,284 | 11,784 | 13,144 | 15,640 | 19,908 | 71,760 |

## FINANCING OF INVESTMENT

3.11 Table 3.7 gives an aggregative, perspective, view for each of the years from 1964 to 1968 of (a) gross investment outlays (stocks and fixed capital formation) on both public and private account, and (b) domestic savings (public and private) generated, and transfer payments from abroad available to supplement domestic savings and increase the pool of resources from which investment commitments could be met. Clearly there was an overall sufficiency of funds, with an ample margin to spare. There were however interesting differences between private and public sector experience.

### Financing of Total Investment

Table 3.7 — £ thousand

| | 1964 | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|---|
| GROSS INVESTMENT (1) | 13,139 | 13,467 | 15,358 | 18,642 | 23,018 |
| Public Sector ... ... | 3,003 | 4,269 | 4,556 | 4,369 | 5,838 |
| Private Sector ... ... | 10,136 | 9,198 | 10,802 | 14,273 | 17,180 |
| DOMESTIC SAVINGS (2) ... | 9,329 | 12,537 | 16,534 | 16,316 | 18,276 |
| Public Sector ... ... | −768 | 237 | 1,731 | 857 | 2,072 |
| Private Sector ... ... | 10,097 | 12,300 | 14,803 | 15,459 | 16,204 |
| FINANCIAL DEFICIT (−) OR SURPLUS ... ... ... | −3,810 | −930 | 1,176 | −2,326 | −4,742 |
| Public Sector ... ... | −3,771 | −4,032 | −2,825 | −3,512 | −3,766 |
| Private Sector ... ... | −39 | 3,102 | 4,001 | 1,186 | −976 |
| CAPITAL TRANSFERS FROM ABROAD ... ... ... | 3,543 | 3,129 | 4,677 | 5,468 | 6,199 |
| Official ... ... ... | 3,072 | 2,480 | 3,377 | 4,073 | 3,863 |
| Private ... ... ... | 471 | 649 | 1,300 | 1,395 | 2,336 |
| BALANCE ... ... ... | −267 | 2,199 | 5,853 | 3,142 | 1,457 |

3.12 Private sector domestic savings more than matched private sector investment demands. Not all these savings were however 'available' for investment locally. A good part of the total supply was posted abroad by way of direct investment in foreign holdings and securities by individual savers (some £25 million), and a further large part was deposited with banks which, in turn, increased their foreign investment portfolios. There was a net placement abroad during the period, by monetary institutions, of £26.8 million. On the other hand there was a very substantial injection of foreign resources into local investment: foreign direct investment in local enterprises during 1964-1968 amounted of £19.9 million and a further £9.5 million worth of capital transfers into Malta were made by individual foreigners. This two-way flow reflects (a) the continued tendency of the average

(1) Including stocks.

(2) Including depreciation.

Maltese saver to eschew industrial commitments and look to 'non-risk' avenues of investment, usually gilt edged, abroad; and (b) the success of Government's endeavours to attract foreign capital into Maltese industrial and tourist development enterprises, and the similarly successful endeavours on the Government's part to induce foreigners with means to settle in Malta. Government made its own direct contribution to private investment by way of some £3 million worth of incentive payments under the "aids to industries" programme; and the commercial banks in turn increased their involvement in the development process by increasing bank credit, through local loans and advances, from a level of around £8 million in 1964 to £23 million in 1968.

3.13 Public sector investment was heavily underwritten by capital transfers from abroad, mainly by way of aid from Britain in terms of the Financial Agreement. Government's own domestic savings were relatively minimal, but Government supplemented British aid resources by further borrowing on the local market by way of local loan development stock issues.

3.14 The use of loan finance in the public sector after 1959 — that is over both the first and second plans — has meant that the Maltese Exchequer is having to service a 'national debt' of increasing proportions. The problem so far is of relatively minor significance. Total annual payment on this debt was, at the end of March, 1969, running at about £1.3 million with the major part going to Britain and other international institutional lenders. This did not strain Malta's balance of payments but the burden of payment on the Government's Recurrent Budget rose perceptibly and by March 1969 something around 5 per cent of recurrent revenue was having to be devoted to this purpose.

## BALANCE OF PAYMENTS

3.15 It is important to be clear about the nature of Malta's balance of payments problem. Malta's size and lack of natural resources make it inevitable that growth and development should be accompanied by increases in the import bill. Hitherto the foreign exchange to finance overseas purchases has been largely derived from British military expenditure in Malta. The reduction in the levels of this expenditure has meant that alternative ways have had to be found of earning foreign exchange. The trade gap is necessarily high in Malta's circumstances, and its balancing requires a sufficiency of invisible earnings and transfer payments. Mata's accumulated overseas investments now yield substantial earnings. The invisible earnings from tourism are also becoming an important source of foreign exchange. In addition: earnings of foreign exchange from ship repairing and yacht servicing are increasing; and transfer payments such as official grants and foreign residents' capital and current transfers have grown to such an extent that they are now helping significantly to keep the balance in credit.

Table 3.8 £ million

## Balance of Payments

| | 1964 | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|---|
| CURRENT ACCOUNT | | | | | |
| Visible Transactions | | | | | |
| Imports ... ... ... ... | −30.5 | −30.5 | −33.9 | −36.1 | −45.9 |
| Exports ... ... ... ... | 5.4 | 7.1 | 8.7 | 8.3 | 11.8 |
| Trade Balance ... ... ... | −25.1 | −23.4 | −25.2 | −27.8 | −34.1 |
| Invisible transactions | | | | | |
| Government(1) ... ... ... | 15.3 | 13.9 | 13.5 | 12.0 | 12.8 |
| Other invisibles ... ... ... | 3.9 | 4.7 | 7.8 | 8.2 | 9.4 |
| Balance of Invisibles ... ... | 19.2 | 18.6 | 21.3 | 20.2 | 22.2 |
| Transfer Payments ... ..... ... | 5.6 | 7.0 | 9.8 | 10.7 | 13.3 |
| Current Account — Surplus (+) ... Deficit (−) ... | −0.3 | +2.2 | +5.9 | +3.1 | +1.4 |
| CAPITAL ACCOUNT(2) | | | | | |
| Private | | | | | |
| Private investment abroad ... ... | −4.4 | −4.5 | −5.5 | −4.4 | −6.2 |
| Foreign investment in Malta ... | +3.3 | +3.4 | +4.1 | +4.2 | +8.1 |
| Public | | | | | |
| Long term public loans ... ... | +1.3 | +1.7 | +0.9 | +0.9 | +1.7 |
| Monetary Institutions | | | | | |
| Central Monetary Institution and Government ... ... ... | −1.8 | −1.5 | −4.9 | −4.5 | −25.6 |
| Commercial Banks ... ... ... | +0.9 | −0.7 | −3.8 | −2.1 | +17.1 |
| Errors and Omissions ... ... ... | +1.0 | −0.6 | +3.3 | +2.8 | +3.5 |

3.16 The main feature of balance of payments experience on current account has been the growth of trade figures in absolute terms — vide Table 3.8. Imports shot up by £15.4 million from 1964 to 1968. So, to a more limited extent, did merchandise exports which rose from £5.4 million in 1964 to £11.8 million in 1968. The record of domestic exports is creditable. It has not reduced the trade gap; but there is no doubt that the development of export activities, coupled with measures taken to aid import substitution, have together held the gap down to reasonable proportions.

(1) Mostly British Forces expenditure in Malta.

(2) The negative sign in the capital account shows increases in total assets abroad while a positive sign shows decreases in total assets abroad.

3.17 The consistent growth of imports is in large measure the outcome of economic development over the period. The industrialisation policy itself has created an additional demand for fixed capital assets which in most cases can only be obtained from abroad. Capital imports of machinery and other investment goods have accounted for between £5 million and £6 million per annum, amounting to as much as £7 million in 1968. Industrial raw materials for Malta's manufacturing industries are tending to take a progressively larger share of total imports. They were worth £11.2 million in 1964; they rose to £20.3 in 1968. A further major factor contributing to the rise in imports was the increase in incomes generally which meant higher consumption and inevitably higher demand for foreign produced goods. The value of 'consumption' imports rose from £14.8 million in 1964 to £23 million in 1968.

3.18 The position in respect of the invisible trade sector is a shifting one. One big change of course, has been the decline of some £4 million in proceeds from the defence sector since 1964. Against this there have been increases in other invisibles which more than compensated for the loss through the defence reductions: increased earnings under foreign travel (tourism), under transportation (including ship repairs) and additional earnings from Malta's overseas investments.

3.19 The current account would still be badly out of balance, in spite of the invisibles, if it were not for the income coming to Malta in the form of transfer payments. These payments consist of two broad categories of flows: transfers on private account and remittances on public account. The private payments come in from Maltese settlers abroad, in the way of private capital transfers by immigrants and as pensions payable to Maltese residents. The main item in official receipts represents the flow of grants from the United Kingdom in aid of the Maltese Government's development account. The final outturn of the balance of payments on Current Account, taking visible and invisible trade together, over the 1964-68 period, was a surplus in Malta's favour averaging over £2 million per annum.

3.20. The capital account of the balance of payments shows net movements on account of direct foreign investment in Malta, loans received (net of repayments), and Maltese private investment abroad, together with changes in official and commercial banking external investments. During the period 1964-68 about £23 million(1) were invested in Malta by non-residents. The loan element consists mainly of loans from the United Kingdom Government and from the International Bank of Reconstruction and Development: the former to finance a part of the second development plan, and the latter to finance the offshore procurement element of the new Power Station. Changes in Maltese private investment abroad included purchases of British Government securities by Maltese residents which continued at a very high level. Both the monetary authorities and the banks have continued to invest abroad and have added to Malta's total foreign reserves.

3.21 The balance of payments record has been one of consistent surpluses, which may suggest strength. One must bear in mind however that the surpluses have been almost entirely due to the grants in aid received from the British Government.

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(1) This sum includes an amount of something over £3 million posted to Malta as short term investment.

## OUTPUT, WAGES AND PRODUCTIVITY

3.22 The period covered by the second five year plan was marked by encouraging increases in productivity which accounted for the greater part of the growth in domestic output and in real income. There were inevitable increases in the general level of prices, but by and large nothing on an 'inflationary' scale, and in any event increases in wages rates were not out of line with increases in productivity which meant that the competitive position of Maltese goods and services in foreign and domestic markets remained substantially unaffected.

3.23 Between 1964-1968 real output (that is, gross domestic output at 1954 constant market prices) grew by about £15.5 million. This rise was attributable partly to an increase of 10.7 per cent in the number of gainfully occupied persons which on an average gave rise to about 27 per cent of the additional output. The remaining 73 per cent increase in real output was due to greater productivity(1). In actual fact, the increase in real output per worker was 25.9 per cent. This is in sharp contrast with the previous four years when real output, the number of gainfully occupied persons and productivity all marginally declined.

**Output, Gainfully Occupied and Productivity**

Table 3.9

| Item | 1964 | 1968 | Percentage Change 1964/68 |
|---|---|---|---|
| Output (GDP at constant 1954 prices) ... ... ... ... | £38.9m. | £54.4m. | 39.5 |
| Gainfully occupied persons ... | 86,530 | 95,820 | 10.7 |
| Output per gainfully occupied ... | £450.7 | £567.8 | 25.9 |

3.24 The increase in productivity was primarily due to the accelerated tempo of economic activity itself which brought about a more efficient use of both capital and labour. The diversification process entailed, among other things, a shift of workers from agriculture and defence establishments, to other sectors, where productivity is generally higher. This redeployment of resources tended to raise overall productivity. Moreover, productivity gains within the manufacturing sector itself were substantially greater than those in most of the other economic sectors, mainly because of the high rate of investment in machinery. Investment in technical education and grants towards the training of apprentices also helped significantly to raise the all round quality of labour and this naturally yielded some dividends in the way in increased output.

(1) Productivity is measured by dividing the gross domestic product at constant 1954 prices by the number of gainfully occupied persons.

3.25 Changes in average hours worked apparently had no effect on the growth in productivity. Judging from data for wage and salary earners in private industry, for Government industrial workers, and for other workers, there were no changes in average hours worked over the period 1964-1968. Although intersectoral shifts in employment could have affected average hours for all employees, this did not occur. This means that an index of output per man-hour would look virtually the same as the index of output per gainfully occupied.

## MANPOWER

3.26 The Plan envisaged a lowering in the level of gainfully occupied persons from around 86,000 persons in 1964 to some 83,000 persons in 1968, and the expectation was that the losses to the economy from the agricultural and defence sectors would not be fully compensated by new jobs generated in the 'expanding' sectors of manufacturing industry and tourism. During the five year period it was the plan's anticipation that unemployment would be held at around the level obtaining in 1964.

3.27 The early phases of the plan appeared to be bearing out the dismal plan predictions. Conditions in the labour market remained very difficult up to 1965. Despite a level of emigration of nearly 9,000 in 1964 the supply of labour was consistently ahead of demand and the unemployment rate in 1965 was 8.2 per cent of the labour force — double what it was in 1960. The defence establishments, construction and agriculture were all releasing predominantly male labour during the period. The development exercise was generating a number of new jobs especially in the manufacturing and the tourist industries. These jobs however, while creating a new demand for female labour, failed to make up for the losses of male employment opportunities.

## Distribution of Gainfully Occupied Population

Table 3.10

| Sector | 1964 | | 1965 | | 1966 | | 1967 | | 1968 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Numbers | Per cent | Numbers | Per cent | Numbers | Per cent | Numbers | Per cent | Numbers | Per cent |
| Defence Establishments | 11,730 | 13.6 | 11,160 | 12.7 | 10,350 | 11.4 | 9,770 | 10.5 | 8,950 | 9.3 |
| Government | 17,730 | 20.5 | 18,270 | 20.7 | 18,840 | 20.7 | 19,370 | 20.8 | 19,860 | 20.7 |
| Agriculture & Fisheries | 7,420 | 8.6 | 7,150 | 8.1 | 6,970 | 7.7 | 6,950 | 7.4 | 6,510 | 6.8 |
| Construction & Quarrying | 6,290 | 7.3 | 7,400 | 8.4 | 9,790 | 10.8 | 10,320 | 11.1 | 10,580 | 11.0 |
| Manufacturing | 17,400 | 20.1 | 18,130 | 20.6 | 18,870 | 20.7 | 19,660 | 21.0 | 20,320 | 21.3 |
| Transport & Communications | 4,270 | 4.9 | 4,060 | 4.6 | 3,960 | 4.4 | 4,030 | 4.3 | 4,300 | 4.5 |
| Wholesale and Retail, Banking and Insurance | 12,840 | 14.8 | 12,970 | 14.7 | 12,780 | 14.1 | 12,790 | 13.7 | 13,340 | 13.9 |
| Private Services | 8,850 | 10.2 | 8,980 | 10.2 | 9,220 | 10.2 | 10,420 | 11.2 | 11,960 | 12.5 |
| Total gainfully occupied | 86,530 | 100.0 | 88,120 | 100.0 | 90,780 | 100.0 | 93,310 | 100.0 | 95,820 | 100.0 |

3.28 After 1965 events took a totally unforeseen turn. Construction, which had been languishing owing to a decline in demand for its services, was back on its feet again under the stimulus of new work commissioned by (a) the Government's construction programmes in many areas; (b) the private building sector, mainly geared to the speculative market for foreign purchasers; (c) the manufacturing sector, with its heavy demand for industrial building; and (d) the tourist sector, also heavily involved in new hotel and associated tourist infrastructural building. The construction sector built up its own direct employment level by several thousands, and through its widely diffused effect on the entire economy contributed to the further boosting of employment levels in many other sectors. Construction was undoubtedly the main 'engine' of growth in the 1964-68 period, but even manufacturing and tourism built up to levels of activity well beyond what had been anticipated in 1964. The end result of it all was that, in 1968, there were no fewer than 95,800 persons in gainful employment as against a plan expectation of around 83,000.

3.29 Table 3.10 gives a sectoral distribution in absolute and percentage terms of gainfully occupied persons in 1968 as compared with the preceding years back to 1964. An inspection of the figures in this table will show that the share of employment in the Government sector remained remarkably stable in spite of increased numbers. The defence sector figures, reflect the extent of the rundown. This sector employed 13.6 per cent of the total force of employed persons in 1964; its share of the total dwindled to 9.3 per cent by 1968. The private sector, on the other hand, increased its share from 66 per cent in 1964 to around 70 per cent. Within the private sector there was a steady, if unremarkable, shift to manufacturing as aided industries in that sector started picking up steam. The share of employment in hotels, recreational, personal and other services also increased from 10.2 per cent in 1964 to 12.5 per cent in 1968. The construction industry raised its share of employment from about 7 per cent in 1964 to 11 per cent in 1968. Transport and communications, wholesale and retail trades, and banking and insurance on the other hand slightly lowered their relative shares in the total employment picture. Agriculture and fisheries also went down significantly from 8.6 per cent in 1964 to 6.8 per cent in 1968. There has been a continuous drift away from this sector as improved farming techniques and rising productivity enable the farming sector to step up its output using rather less labour than was previously needed.

3.30 The shape development is taking in Malta has created a significant bias in favour of female labour, thereby opening up a market which was hitherto virtually untapped. The increasing demand for female workers is reflected in the activity rate (that is, the actual labour force as a proportion of working age females) which rose from 20.5 per cent in 1964 to 21.6 per cent in 1968. On the other hand, the substantial increase in the male population of working age led to a fall in the male activity rate from 83.6 per cent in 1964 to 82 per cent in 1968, even though there was actually an increase of 6,580 in the number of gainfully occupied males in 1968 over 1964.

## 4. THE KEY SECTORS OF DEVELOPMENT

The key sectors of development are manufacturing, agriculture and fisheries, tourism and construction, and a review of their performance during the second plan will serve to highlight the extent of their contribution to the expansion of the economy. These four sectors, together with government expenditure on capital account, have been largely responsible for the rates of economic growth achieved.

### MANUFACTURING INDUSTRIES (1)

4.2 The growth of manufacturing production in the period 1964-1968 has been spectacular. Gross output, measured at constant prices, increased by 60 per cent; the gainfully occupied population engaged in manufacturing rose by 44 per cent with the largest annual increases taking place in 1964 and 1968; gross output per head went up by 11.5 per cent over the period.

**Manufacturing Output at (1964) Constant Prices**

Table 4.1

| Year | Gross Output (£'000) | Gainfully Occupied | Gross Output per head £ |
|---|---|---|---|
| 1964 | 16,655 | 12,398 | 1,343 |
| 1965 | 19,531 | 13,475 | 1,449 |
| 1966 | 21,598 | 14,440 | 1,496 |
| 1967 | 23,432 | 15,808 | 1,482 |
| 1968 | 26,836 | 17,861 | 1,502 |

4.3 The contribution of the manufacturing sector to the formation of gross domestic product increased from 18.0 per cent in 1964 to 20.3 per cent in 1968 with a peak percentage contribution of 22.1 in 1966. The lower proportionate contribution in 1968 is mainly a reflection of the fast rise in gross domestic product. In fact, the contribution in absolute terms of this sector was, despite a slight fall in 1967, appreciably higher in 1968 than in 1966.

4.4 Malta's limited domestic market implies that any worthwhile expansion of manufacturing industry must be based on export oriented activities. The annual exports from Malta are therefore an important indicator of the success of the industrial policies. Exports of manufactured goods have increased from £3.3 million in 1964 to £8.7 million in 1968. The domestic market has, however, not been neglected. There has been an endeavour to resort to import substitution. Table 4.2 indicates that the difference between domestic output and exports—a crude measure of sales on the local market — has increased from £13.4 million in 1964 to £21.1 million in 1968.

(1) Excluding Malta Drydocks.

## Output, export performance and contribution to Gross Domestic Product of Manufacturing Industries

Table 4.2

| Year | Current Value of Gross Output (£ million) | Exports (£ million) | Gross Output less Exports (£ million) | Contribution to Gross Domestic Product % |
|---|---|---|---|---|
| 1964 | 16.7 | 3.3 | 13.4 | 18.0 |
| 1965 | 19.4 | 5.0 | 14.4 | 19.3 |
| 1966 | 21.9 | 6.3 | 15.6 | 22.1 |
| 1967 | 24.2 | 6.0 | 18.2 | 19.7 |
| 1968 | 29.8 | 8.7 | 21.1 | 20.3 |

4.5 One interesting aspect of the structure of manufacturing industries is the wide spread of the type of industry. During the period reviewed there were some important changes in the relative contribution of particular industries to gross output. Comparing 1968 with 1964 there has been a decline in the relative importance of the food, beverages, tobacco, clothing and chemical industries and an increase in the relative importance of the textile, footwear, rubber and transport equipment industries. The spread has improved but Malta's industrial structure remains comparatively heavily weighted with the textile group of industries.

## Gross Output in Manufacturing Industries

Table 4.3

| | 1964 | 1968 |
|---|---|---|
| Food Preparation ... ... ... ... | 24.3 | 20.8 |
| Beverages ... ... ... ... ... | 13.6 | 11.1 |
| Tobacco ... ... ... ... ... | 11.6 | 7.9 |
| Textiles ... ... ... ... ... | 12.2 | 17.9 |
| Footwear ... ... ... ... ... | 1.6 | 3.6 |
| Clothing ... ... ... ... ... | 4.2 | 1.1 |
| Furniture and Allied Trades ... ... | 2.9 | 3.7 |
| Printing and Publishing ... ... ... | 2.9 | 3.6 |
| Chemicals ... ... ... ... ... | 7.4 | 5.2 |
| Manufactures of Non Metalic Minerals ... | 3.5 | 4.3 |
| Manufactures of Metal ... ... ... | 4.0 | 3.7 |
| Machinery ... ... ... ... | 1.8 | 2.4 |
| Rubber and Transport Equipment ... ... | 6.0 | 9.9 |
| Miscellaneous ... ... ... ... | 4.0 | 4.8 |
| | 100.0 | 100.0 |

4.6 Industrial expansion has been largely due to Government's policy of attracting export oriented industries to Malta but there has also been considerable growth of old established industries. A dominant feature of manufacturing in old established industries is the existence of a large number of small firms, many of which operate at less than optimum scale of production. These firms tend to lean very heavily on the domestic market and, as open competition would have rendered many of them uncompetitive in terms of quality and prices, Government has had to give them a certain amount of protection. Protection has been largely by way of total prohibition of imports where the local supply is adequate to satisfy domestic demand. For those commodities manufactured locally which cannot entirely satisfy local demand the policy has been one of import restrictions coupled with tariff barriers to ensure that as much as possible of the local market is reserved for local producers.

4.7 It has been stated that industrial expansion has been largely due to the new industries induced by the complex of aids made available by Government to entrepreneurs. The difficulties of attracting industries have been formidable. Malta's main locational advantages include the availability of a stable, skilled and trainable labour force, comparatively low wages, nearness to large expanding markets, and a stable political climate. On the other hand Malta lacks industrial raw materials. Nearly every manufacturing process depends on imported raw materials while the limited size of the domestic market means that most of the finished products have to be exported if production on any real scale is to be attempted. Malta is not alone in experiencing these disadvantages but the effect of them is that transport costs play a significant role in the price structure of final output.

4.8 Much has been done to lower production costs for entrepreneurs wanting to establish themselves in Malta. The cost of servicing the capital required to set up industry has been reduced by capital grants. Factory rents and water are subsidised, while the pricing policies of electricity generation and telephone service have tended to keep tariff rates as low as possible. Nearly all raw materials are exempt from customs duties. In addition, new industrial units are being given a ten year income tax holiday. These were necessary inducements to attract sizeable development in as short a period of time as possible. The pioneers faced formidable difficulties and appreciable costs in adapting the labour force and supporting services to the new needs of industry. As long as the required rate of growth remains higher than can be autonomously achieved aid remains one of the tools of economic policy. Some of the problems encountered by the pioneering entrepreneurs are now being eliminated as Government's investment in infrastructure and vocational training enable economies to be reaped.

4.9 The performance of assisted industries has been impressive. Sales have increased from £3.31 million in 1964 to £11.38 million in 1968, while exports increased from £2.42 million to £8.38 million over the same perod. The bulk of the output of aided industries has been exported. Assisted industries increased their labour force from 2,367 in 1964 to 5,544 in 1968.

## Sales, Exports and Employment of Aided Industries

Table 4.4

| Year | Sales (£ million) | Exports (£ million) | Exports as % of sales | Labour Force |
|---|---|---|---|---|
| 1964 | 3.31 | 2.42 | 73 | 2,367 |
| 1965 | 5.13 | 4.08 | 80 | 2,816 |
| 1966 | 7.02 | 5.45 | 78 | 3,396 |
| 1967 | 7.78 | 5.50 | 70 | 3,919 |
| 1968 | 11.38 | 8.38 | 73 | 5,544 |

4.10 Table 4.5 gives some important data on the industrial groupings of aided industries between 1964 and 1968.

## Broad Industrial Groupings of Aided Industries

Table 4.5

| | 1964 | | | 1968 | | |
|---|---|---|---|---|---|---|
| | Sales £000's | Exports £000's | Employ-ment | Sales £000's | Exports £000's | Employ-ment |
| Food ... ... ... | 152 | 17 | 81 | 1,291 | 718 | 273 |
| Beverages ... ... | 121 | 121 | 57 | 261 | 261 | 54 |
| Textiles ... ... | 1,447 | 1,407 | 965 | 4,087 | 3,726 | 1,812 |
| Footwear & Wearing apparel ... ... | 329 | 309 | 263 | 1,628 | 1,556 | 710 |
| Furniture & Fixtures ... | 141 | 57 | 73 | 257 | 129 | 94 |
| Paper, paper products, printing & publishing ... ... ... | 28 | 3 | 44 | 315 | 161 | 271 |
| Leather & leather products ... ... ... | — | — | — | 43 | 37 | 102 |
| Rubber ... ... ... | 292 | 292 | 338 | 809 | 809 | 642 |
| Chemical Products ... | 242 | 56 | 142 | 533 | 224 | 138 |
| Metal Products ... | 134 | 5 | 69 | 349 | 21 | 193 |
| Transport Equipment | 197 | 20 | 78 | 830 | 71 | 285 |
| Other ... ... ... | 222 | 140 | 257 | 979 | 665 | 970 |
| | 3,305 | 2,427 | 2,367 | 11,382 | 8,378 | 5,544 |

# AGRICULTURE

## *Agricultural Output*

4.11 Over the period 1964-1968 gross agricultural output increased in value by 35 per cent, and although costs of production increased by 23 per cent producers were left with a rise in income of 52 per cent. During the same period the output index at *constant* prices moved up by 18 per cent as compared with 35 per cent at *current* prices. Roughly half the increased value could therefore be attributed to increased output.

**Agricultural Production (Current Prices)**

Table 4.6 £ thousand

| | Gross Output | Costs | Net income |
|---|---|---|---|
| 1964 | 6,524 | 3,722 | 2,802 |
| 1968 | 8,813 | 4,567 | 4,246 |

## *Changes in Productivity*

4.12 The increase of 18 per cent in gross agricultural output at constant prices over the period 1964-1968 was achieved despite a decrease in the number of farmers. The number of full time farmers fell from 6,737 in 1964 to 5,921 in 1968 and of part time farmers from 9,128 to 8,410. Making due allowance for part time activity, it is estimated that productivity per head increased over the period by about 32 per cent, equivalent to an average annual increase of about 7.0 per cent.

4.13 As in other countries with expanding economies, the increased opportunities for alternative employment in the Maltese Islands in industry, tourism, construction and services have drawn away many men and women formerly engaged in agriculture. Attractive conditions abroad especially in Australia, and the incentives offered, have also led many farmers to emigrate. As a result the number of persons engaged full time in agriculture expressed as a percentage of the total occupied population fell from 7.8 in 1964 to 6.2 in 1968.

4.14 One consequence of the attraction of other occupations has naturally been to reduce the numbers of those in the younger age-groups in farming. For some time now the population aged 40 and over has been about two-thirds of the total number of full time farmers. If the current trends continue the number of full time farmers will have fallen to about 5,500 by 1974.

4.15 The decline in the number of active farmers has been accompanied by a reduction in the extent of registered agricultural land; from 152,000 tumoli in 1964 to 141,000 in 1968. A good part of the lost land has been permanently alienated for industrial, residential and hotel use, as well as for public purposes such as road building. Some of it, however, appears to have been left unused and not re-registered as agricultural land.

4.16 The increase in productivity partly reflects a reduction in underemployment and disguised unemployment in the agricultural sector. It also reflects the great changes that are taking place in the production pattern. There has been an increasing tendency to concentrate on intensive production of high value commodities rather than on those of lower value requiring relatively larger areas of land.

*Mechanisation*

4.17 The changes in productivity per head have also been influenced by increased use of motor powered implements and transport. Between 1964 and 1968 the number of tractors and motorized cultivators has, in fact, increased from 1,512 to 1,764 and of lorries and vans from 1,046 to 1,378.

*Contribution to the Balance of Trade*

4.18 Though the progress made in agriculture was reasonably good there are no grounds for complacency. In the period 1964 to 1968 imports of food and live animals, excluding re-exports, increased from £10.9 million to £13.1 million. In the same period local production of food rose from £6.3 million to £8.1 million.

4.19 Agricultural exports of food, live animals, wine, seeds and flowers increased from £0.9 million in 1964 to £2.1 million in 1968. Though the gap between agricultural imports and exports increased from £10.0 million to £11.0 million the average annual rate of growth of imports was very much less than that of exports.

## FISHERIES

4.20 Although the fishing industry employs only a small number of people it has an important role to play by supplying part of the country's food requirements. It also has to make its contribution to the balance of payments by keeping the expenditure on imported fish as low as possible. The increasing number of tourists will accentuate the demand, especially for the choice varieties.

4.21 It is unfortunate that the Mediterranean does not support a prolific fish population comparable, for example, with that of the North Atlantic. Although a wide variety of demersal fish exists, the total number of each species is small. They appear to be capable only of slow development and have a relatively weak reproductive capacity. In many areas the stocks are already intensively fished.

4.22 There are, however, relatively abundant stocks of a few species of pelagic fish. Catches of these fish are mainly seasonal and fluctuate greatly as they depend on the fishes' migratory habits. There is very little information on the size of the stocks and the way in which they are affected by fishing activities.

*The Total Catch*

4.23 The annual catch of fresh fish in the period 1954-1968 has fluctuated considerably between 24,000 cwt and 30,000 cwt. The greater part of the landings are made in the summer and less than 20 per cent during the winter months from January to April. The total annual value has risen from £324,000 in 1964 to £340,000 in 1968, reflecting mostly the increased landings of the more expensive varieties of fish and price increases in general. Throughout the period, landings of fish by Maltese vessels have continued to account for half the annual value of fish and fish products consumed in Malta.

*Number of Fishing Boats and Fishermen*

4.24 The fishing fleet consists of a large number of small craft, often operated by one man alone, competing for the comparatively small stocks of fish close to the shore. Though changes in the number of powered fishing boats are not known because of altered classification it is estimated that they increased from about 623 in 1964 to 726 in 1968. The number of boats over 25 ft. in length has also increased from 80 to 117 as a result of Government policy of encouraging construction of larger boats with a greater range and catching potential.

4.25 In spite of the increase in the number of large and more powerful boats, the number of full time fishermen appears to have decreased from 680 in 1964 to 590 in 1968. It further appears that the fall has been greatest among those aged less than 30 who have been attracted by less arduous and presumably more lucrative jobs ashore. On the other hand, it would be fair to assume that the number of part time and seasonal fishermen has increased considerably.

*Fresh Fish Prices*

4.26 The average wholesale price of fresh fish landed has risen by about 21 per cent, from 2/1d. per lb. in 1964 to 2/7d. in 1968. To some extent the rise in the average price reflects the reduced importance of lampara, the catch of which is mainly composed of lower priced varieties. It also reflects the increased demand by tourists and new residents who expect to find fresh fish readily available in Malta.

*Imports of Fish*

4.27 Apart from fresh fish there has been a very great increase in the amount spent on imports of chilled, frozen and processed fish including that in tins. Total expenditure rose from £275,000 in 1964 to £380,000 in 1968. As there is no evidence that the total quantity imported has changed to any great extent, the increase in expenditure appears to have been due to a general rise in prices of imported fish and a shift in consumers' preference to the more expensive varieties. In particular there appears to be a general trend towards imports of chilled and frozen fish and fish in tins and away from imports of salted, dried and smoked fish. In the absence of an appreciable increase in the local fish catch — which does not seem to be very probable — these trends are to be expected as the standard of living rises and the number of tourists increases.

## CONSTRUCTION INDUSTRY

4.28 Employment in the construction industry(1) has shown considerable variations over the years. There was a fall from a peak in 1961 to a trough in 1964 which was followed by a very rapid recovery. The industry provided employment for about ten per cent of the economically active population in 1968. It is manifest that, in planning, care must be taken to ensure a stable level of demand for construction to avoid large fluctuations in the demand for labour by the industry.

**Numbers Employed in Construction**

Table 4.7

| Year | Average Number Employed |
|---|---|
| 1964 | 5,740 |
| 1965 | 6,860 |
| 1966 | 9,220 |
| 1967 | 9,740 |
| 1968 | 9,990 |

4.29 The construction industry has made an important contribution to gross capital formation. It is a matter of interest that the recent construction boom has been very largely due to the private sector which increased its investment in construction from £3.1 million in 1964 to £6.8 million in 1968. These figures of course include the contribution made to the private sector by Government grants and loans which were expended on construction activity. Capital formation in construction by the Government sector rose from £2.3 million in 1964 to £3.3 million in 1968.

(1) Employment is related only to those groups of workers who would be classified under the following three headings of the United Nations Industrial Classification.

400 Building and construction;

401 Woodworking for the building industry (excluding furniture);

402 Plumbing and electrical construction for the building industry.

## Gross Capital Formation in Construction at Market Prices

Table 4.8 £ thousand

| | 1964 | 1968 |
|---|---|---|
| PRIVATE SECTOR ... ... ... | 3,086 | 6,822 |
| Dwellings ... ... ... ... | 1,481 | 4,608 |
| Non Residential Buildings ... ... | 883 | 1,885 |
| Other Construction ... ... ... | 722 | 329 |
| PUBLIC SECTOR ... ... ... | 2,351 | 3,343 |
| Dwellings ... ... ... ... | 269 | 18 |
| Non Residential Buildings ... ... | 1,499 | 1,750 |
| Other Construction ... ... ... | 583 | 1,575 |
| TOTAL ... ... | 5,437 | 10,165 |

4.30 The component parts of investment in construction changed in importance over this period. In 1964, private dwellings accounted for 32 per cent of the total; by 1968 this figure had risen to 46 per cent of total capital formation. The proportion of non-residential buildings fell from 44 per cent to 36 per cent of the total while that of other construction fell from 24 per cent to 19 per cent. The composition of this mixture has important implications in terms of efficiency of the industry. Available statistical data is not sufficient to examine productivity within the industry as between dwelling construction and non residential building construction but the high standards now sought in private accommodation both in terms of materials and workmanship may be the reason why, with boom conditions, completion times for individual structures have not improved.

*Productivity*

4.31 Taking gross capital formation in construction at 1954 constant prices and dividing by the numbers engaged in the industry, one gets a rough idea of changes in productivity per head. By this measure, productivity fell between 1964 and 1966 and has risen since. The changing 'mixture' of the output of the industry may well account for these changes in productivity. Another factor contributing to this erratic movement may have been a shift in the ratio of skilled to unskilled workers brought about by the rapid expansion of labour employed in construction, which expansion was particularly in evidence over 1964 to 1966.

## TOURISM

4.32 The tourist industry expanded steadily during the second plan and the image of the Islands was changed, visibly and rapidly, from that of a Mediterranean fortress to one of a diversified economy with tourism as one of its main sectoral activities. The emphasis on tourism in the build up of the Island's economy was evident not only in the increase in the number of new hotels but also in the creation of a host of related services outside these establishments — restaurants, cafes, night clubs, taxis, yacht marina — and in the multiplier effect which the original hotel investment generated.

4.33 The tempo of hotel development materially accelerated following the introduction, in 1959, of a new government fiscal and financial aid policy. In terms of this policy entrepreneurs wanting to set up an hotel with at least 80 beds became eligible for a capital grant, a ten year income tax holiday, and exemption from customs duties on imported constructional and operational equipment. Hotels constructed on government property were given the benefit of long site leases at an agreed sub-market rent, and of municipal services to the site provided at government expense.

4.34 The inducements offered resulted in a sizeable hotel construction programme. Between 1964 and the end of 1968 seventeen new grant aided hotels started business and work was in progress on six further large hotels. These twenty three hotels(1) represented an overall capital investment of £8.6 million of which £2.4 million or 28 per cent was the Government grant element. In terms of hotel beds, Malta started her tourist development drive with about 1,300 hotel beds in 1959. The number of beds increased to 2,360 by 1964 and 6,100 by the end of 1968. The increase in the number of hotel beds was accompanied by a steady annual increase of tourists In 1964 it is estimated that 38,380 tourists visited Malta. This figure increased to 136,995 by 1968. In addition the number of cruise passengers who set foot on Malta increased from 16,373 in 1964 to 44,528 in 1968, which gives a fair indication of Malta's rising attractiveness as a port of call on scheduled Mediterranean cruises.

4.35 Tourism was still subject to seasonal variations in spite of the Government's endeavours to even out the flow by projecting Malta's image as a year-round holiday resort. The seasonal spread of tourist arrivals showed a marked concentration during the summer months. On an average some 38 per cent of total arrivals tended to come during the July-September period, as against 26 per cent in spring and 36 per cent from October to March. The great bulk of the tourists came from Britain. Regular air services, Malta's membership of the sterling area, and Britain's currency restrictions (now lifted) as well as other factors were largely responsible for this. There was, however, a noticeable increase, in absolute terms, of visitors from Italy and the United States of America.

4.36 The steady increase in tourist traffic was accompanied, and to a large extent induced, by sustained advertising campaigns in mass circulation media. Overseas tourist agencies were also regularly supplied with posters, brochures, display cards and other publicity material. Articles on Malta's tourist potential appeared

(1) The bed/grant ratio for these hotels worked out at 1:£480, the labour/bed ratio 1:2.44 and the labour/grant ratio 1:£1,169.

in the foreign press and features were also produced over the radio and television in the United Kingdom, North America and most of the other European countries. The main burden of Malta's advertising was directed to the United Kingdom market, but an attempt was also made to attract potential tourists in other parts of Europe, specifically Scandinavia and Germany. The response from these other markets was initially slight but there was enough evidence of an awakening interest.

4.37 The expansion in the tourist industry made a valuable contribution to the Island's employment, national income, and balance of payments. In what follows, the direct effects only are discussed. But it is to be borne in mind, that in addition, income and employment was generated in the construction industry, through hotel building activity, though it is not possible to isolate and quantify the income and employment generated in the building industry which was specifically attributable to hotel development.

*Employment*

4.38 Employment opportunities in hotels which increased moderately up to 1963, did so very rapidly thereafter. It is estimated that some 766 persons were employed in hotels in 1964 while the figure rose to 2,473 by 1968. This employment provided increasing opportunities for female employees: something over a third of total hotel employment in 1968 was taken up by female labour. Apart from direct hotel employment new job opportunities were also created in a host of other activities related to, and sustained by, expenditures generated by tourism. The figures in Table 4.9 give the employment picture for the years 1964 and 1968 in summary form.

**Direct and Indirect Employment largely generated by Tourism**

Table 4.9

| | 1964 | | | 1968 | | |
|---|---|---|---|---|---|---|
| | Males | Females | Total | Males | Females | Total |
| Direct Employment | | | | | | |
| — Hotels ... ... | 478 | 288 | 766 | 1,565 | 908 | 2,473 |
| Indirect Employment | | | | | | |
| — Personal Services ... | 2,112 | 3,432 | 5,544 | 2,155 | 3,872 | 6,027 |
| — Recreational Services ... | 840 | 200 | 1,040 | 1,090 | 220 | 1,310 |
| Total ... ... | 3,430 | 3,920 | 7,350 | 4,810 | 5,000 | 9,810 |

*Expenditure by Tourists*

4.39 Tourist expenditure in Malta increased substantially during the second plan — £1.5 million in 1964 to £8.0 million in 1968. The contribution towards factor incomes in the gross national product during this period has been two-fold: through a rise in wages from £0.6 million to £2.6 million and in profits from £0.4 million to £2.4 million. In addition to these income benefits, taxes on expenditure on goods consumed locally by tourists raised Government revenue by £62,000 in 1964 and £320,000 in 1968. Inevitably, a good part of gross tourist spending in Malta was 'leaked' abroad through the import content of goods purchased locally by tourists, which rose from £0.5 million to £2.6 million in 1968. Table 4.10 gives a breakdown of tourist expenditure in Malta between 1964 and 1968.

**Tourist Expenditure**

Table 4.10 — £ thousand

| Classification | 1964 | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|---|
| Wages ... ... ... | 643 | 699 | 1,062 | 1,670 | 2,639 |
| Profits ... ... ... | 353 | 473 | 902 | 1,417 | 2,399 |
| Import Content ... ... | 475 | 624 | 1,127 | 1,772 | 2,639 |
| Duty ... ... ... | 62 | 94 | 129 | 203 | 320 |
| Total Expenditure ... | 1,533 | 1,890 | 3,220 | 5,062 | 7,997 |

Source: Central Office of Statistics.

4.40 In 1968, the total contribution of tourist expenditure towards gross national product stood at 11.9 per cent compared with 3.2 per cent in 1964. Earned incomes and profits accruing to the tourist sector together with the duty levied on goods consumed locally by tourists between 1964 and 1968, as a percentage of gross national product, rose from 2.2 to 8.0. The contribution of wages generated by tourist expenditure to total employment income rose from 2.6 per cent in 1964 to 7.8 per cent in 1968 whilst the contribution to gross trading profits rose from 2.2 per cent in 1964 to 9.8 per cent in 1968. Table 4.11 shows the contribution of Tourism towards the gross national product during the period under review.

**Contribution of Tourism towards G.N.P.**

Table 4.11

| Classification | 1964 | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|---|
| Wages as a % of Total Income from Employment | 2.6 | 2.7 | 3.8 | 5.6 | 7.8 |
| Profits as a % of Gross Trading Profits ... ... | 2.2 | 2.6 | 4.3 | 6.4 | 9.8 |
| Locally retained expediture as a % of G.N.P. at factor cost ... ... ... | 2.2 | 2.5 | 3.7 | 5.5 | 8.0 |
| Total Expenditure as a % of G.N.P. at factor cost | 3.2 | 3.7 | 5.8 | 8.4 | 11.9 |

Source: Central Office of Statistics.

*Balance of Payments*

4.41 An important aim of tourist development is to earn for the community much needed foreign exchange to counteract the decline in Services' expenditure. Income from tourism is essential to help offset, to some extent, Malta's deficit on transactions in goods and services with the rest of the world. The trade gap is widening because our import bill is rising faster than the receipts from our visible exports, despite the attempts made so far to industrialise and to diversify our export market. The foreign travel account of the balance of payments (Table 4.12) shows a substantial improvement of £6 million between 1964 and 1968.

## Balance of Payments Travel Account

Table 4.12

£ thousand

| Receipts/Payments | 1964 | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|---|
| Total Credits ... ... | 1,533 | 1,890 | 3,220 | 5,062 | 7,998 |
| Transit Passengers ... | 139 | 127 | 138 | 150 | 163 |
| Hotel Expenses ... | 379 | 486 | 908 | 1,793 | 3,219 |
| Personal Expenses ... | 960 | 1,218 | 2,093 | 3,017 | 4,452 |
| Other Expenditure ... | 55 | 59 | 81 | 102 | 164 |
| Total Debits ... ... | 957 | 1,120 | 1,218 | 1,274 | 1,376 |
| Tourist & business travellers in non-sterling area ... ... ... | 469 | 572 | 628 | 631 | 659 |
| Tourist & business travellers in sterling area | 354 | 411 | 471 | 505 | 563 |
| Students, Government Officials & others ... | 55 | 55 | 44 | 59 | 65 |
| Other Expenditure Overseas ... ... ... | 79 | 82 | 75 | 79 | 89 |
| Total Net Credit ... ... | 576 | 770 | 2,002 | 3,788 | 6,622 |

Source: Central Office of Statistics.

# PART III

# THE DEMOGRAPHIC PROBLEM

# III. THE DEMOGRAPHIC PROBLEM

## 5. POPULATION

The total area of the Maltese Archipelago is 122 square miles. The 1967 population census showed a 'de jure' population of 314,216 giving an average density for the inhabited Islands of Malta and Gozo of 2,576 persons per square mile. The population is in fact highly concentrated in urban areas, only some one third being classified as living in rural areas.

### POPULATION GROWTH AND STRUCTURE

5.2 The course of economic development is inextricably bound up with the changes in the size and composition of the population. The post-war period saw an increase of total resident population in the intercensal period 1948-1957 of some 4.5 per cent whilst the period 1957 to 1967 saw a net drop of 1.7 per cent from a population total of 319,620 in 1957 to 314,216 in 1967. This drop reflects a considerable exodus between 1957 and 1967 of Service dependants and sponsored civilians. The Maltese resident population continued to rise to a peak of 317,000 in 1962 but there was a steady fall thereafter up to 1965, with a renewed increase in more recent years. In 1969 the Maltese resident population was just under 316,000. Basically these changes were the result of changes in the birth rate and changes in emigration.

5.3 The fall in the actual number of births between 1948 and 1967 was spectacular. From a figure of 11,029 births in 1948 the fall was to 8,795 in 1957 and to only 5,309 in 1967. The change in crude death rate from 12.2 per thousand in 1948 to 9.3 per thousand in 1967 has not been so remarkable. Yet in spite of these changes the population would still have increased if it had not been for the emigration policy adopted during the period. It is estimated that during the twenty years under review some 100,700 persons settled abroad.

5.4 These changes have influenced the age structure of the population. Thus the age group 14-64, taken as that from which the active labour force is recruited, rose some 3 per cent between 1948 and 1967. This trend is likely to continue in the future and the annual inputs into the economically active group in the course of the Third Five Year Plan will increase the ratio of those in the working population to the total.

**Age Grouping at Census Years**
**Percentage of Total Population**

Table 5.1

| Age Group | 1948 | 1967 |
|---|---|---|
| | Per cent | Per cent |
| Under 14 years ... ... ... ... | 33 | 28 |
| 14 to 65 ... ... ... ... ... | 62 | 65 |
| Over 65 ... ... ... ... ... | 5 | 7 |

5.5 A look at the changes in the age structure of the population in Table 5.2 reveals that in 1967 there were 25 per cent less children under 10 years of age and 14 per cent less between 10 and 14 years. The economically active age group has shown an increase of 11 per cent more young men and 7 per cent more young women. This trend towards an increase in the number of persons coming within the economically active age group, from a smaller population, implies a greater potential for enhancing real income per capita, but the extent to which this potential can be realised will obviously depend on the number of young persons over the age of 14 who stay on in secondary and post secondary schooling under the new opportunities being offered to them.

**Age Group and Sex Structure in Census Years**

Table 5.2

| Age | 1957 | | | 1967 | | |
|---|---|---|---|---|---|---|
| | Males | Females | Total | Males | Females | Total |
| 0-4 | 19,951 | 18,779 | 38,730 | 13,578 | 12,843 | 26,421 |
| 5-9 | 20,753 | 20,044 | 40,797 | 16,729 | 16,143 | 32,872 |
| 10-14 | 20,366 | 19,792 | 40,158 | 17,543 | 16,933 | 34,476 |
| 15-19 | 11,427 | 12,307 | 23,734 | 17,266 | 17,386 | 34,652 |
| 20-24 | 10,306 | 13,679 | 23,985 | 13,315 | 15,627 | 28,942 |
| 25-29 | 8,687 | 11,845 | 20,532 | 7,923 | 10,005 | 17,928 |
| 30-34 | 9,135 | 11,033 | 20,168 | 8,817 | 10,806 | 19,623 |
| 35-39 | 8,418 | 9,588 | 18,006 | 7,921 | 9,752 | 17,673 |
| 40-44 | 7,311 | 8,110 | 15,421 | 8,459 | 9,607 | 18,066 |
| 45-49 | 7,816 | 8,213 | 16,029 | 7,601 | 8,163 | 15,764 |
| 50-54 | 7,517 | 8,190 | 15,707 | 6,482 | 6,975 | 13,457 |
| 55-59 | 6,103 | 6,688 | 12,791 | 6,787 | 7,207 | 13,994 |
| 60-64 | 5,431 | 6,548 | 11,979 | 6,456 | 7,561 | 14,017 |
| 65+ | 9,887 | 11,696 | 21,583 | 11,721 | 14,610 | 26,331 |
| | 153,108 | 166,512 | 319,620 | 150,598 | 163,618 | 314,216 |

5.6 Total emigration during the ten years ending 1969 was of the order of 48,670 of which 58 per cent were males and 42 per cent were females. Nearly 63 per cent of male emigrants and nearly 55 per cent of female emigrants came from the age group 15-34 years. It is expected that emigration over the next five years will follow broadly the age and sex characteristics of the past ten years. It is pertinent to state that studies of emigration patterns over a large number of years confirm that the size of emigration has an inverse relationship to the economic conditions at home. For the years when unemployment has been between three and five per cent, emigration has been between 1 per cent and 1¼ per cent of the total population. With unemployment over 6½ per cent, emigration is shown to rise rapidly. There is no compulsion on people to emigrate but it is Government policy to make available financial inducements to emigrants. Given the anticipated continued expansion of the economy during the next five years, and the fact that additional jobs will be created over the period, the likelihood is that 'demand' for emigration will tend to be around 2,400 persons per annum. Emigration on this scale would be the lowest since 1947.

## POPULATION FORECASTS

5.7 Projections of population have been prepared by the Central Office of Statistics. The 1967 Census of Population figures of population, less dependants of the United Kindom servicemen and the United Kingdom Government sponsored civilians, are taken as a base for the estimates. It is assumed that the average mortality rates for each age group and sex for the years 1967 to 1969 will continue; that females at each year of age from 14 to 48 will continue to experience the birth rates of 1969; and that net long term emigration will be at the rate of 2,400 persons per annum with the age and sex distribution of emigration conforming to past patterns.

5.8 The population forecasts on the above assumptions are given in Table 5.3. To the figures quoted below must, of course, be added the figures of incoming new residents but as this segment of the resident population can be considered as a 'special case' from a planning point of view they have been excluded from this projection.

**Population Forecasts 1969 — 1973**

Table 5.3

| | Males | Females | Total |
|---|---|---|---|
| 1969 | 152,520 | 163,378 | 315,898 |
| 1970 | 152,198 | 163,213 | 315,411 |
| 1971 | 151,984 | 163,140 | 315,124 |
| 1972 | 151,840 | 163,107 | 314,947 |
| 1973 | 151,725 | 163,097 | 314,822 |

5.9 Analysing the projections by age groups it would seem that some particularly significant changes are likely to occur between 1969 and 1973. The male population below the age of 14 is likely to fall from 41,919 in 1969 to 37,772 in 1973 while those in the working age group 14—64 years are expected to rise from 98,084 in 1969 to 100,530 in 1973. The female population too is expected to show a drop from 39,851 to 34,938 in those under 14 years and rise from 100,270 to 104,280 in the age group 14—59 years. The older age group, of both males and females, is also expected to continue to show increases as a proportion of total population.

5,10 The total working population should be increasing to a peak during the course of the Plan period and this, together with the rundown of employment with the British Services in Malta, will provide a potential source of labour supply for the new industries and hotels opening during the coming years. The forecasts however also show the warning light in so far as problems of an ageing population are concerned. It is highly unlikely that the problem will become urgent before 1974, but certainly the demographic situation needs constant study. It is also pertinent to state that the post war increase in births during the years 1948-1952 are reflected in the 1967 figure in the age group 15 to 19 years. This will probably reflect itself in an increase in young married couples looking for a house during the coming plan period. The plan for housing is discussed in Chapter 8.

## FUTURE LABOUR SUPPLY

5.11 Of particular interest in the Plan context are the estimates of the economically active population which will provide the supply of labour seeking employment over the 1969-1973 period. The economically active population is defined to include all males between 14 and 64 years of age, and females between 14 and 59 years. A projection of the male and female economically active population within these age groups is given for the five years of the Third Plan, at Table 5.4.

**Economically Active Population**

Table 5.4

| | Males 14 - 64 years | Females 14 - 59 years |
|---|---|---|
| 1969 | 98,084 | 100,270 |
| 1970 | 98,722 | 101,186 |
| 1971 | 99,646 | 102,314 |
| 1972 | 100,042 | 103,299 |
| 1973 | 100,530 | 104,280 |

5.12 Not all the economically active population will of course be finding, or seeking, employment. Those who do seek employment come within the broad measure of employment 'intensity' known as the participation rate. Participation rates are the proportion of those gainfully occupied, plus the registered unemployed, to the total population in the economically active age groups: Table 5.5 gives participation rates, for males and females, in a time series from 1959 to 1969. There are

## Activity Rates 1959 — 1969

Table 5.5

| End of Year | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gainfully Occupied | 87,640 | 88,690 | 89,220 | 86,820 | 86,080 | 86,530 | 88,120 | 90,780 | 93,310 | 95,820 | 100,460 |
| Males | 72,580 | 73,520 | 73,640 | 71,260 | 70,080 | 69,240 | 70,430 | 72,840 | 74,730 | 75,820 | 79,090 |
| Females | 15,060 | 15,170 | 15,580 | 15,560 | 16,000 | 17,290 | 17,690 | 17,940 | 18,580 | 20,000 | 21,370 |
| Unemployed | 3,219 | 3,772 | 4,367 | 6,356 | 7,015 | 7,545 | 7,859 | 6,584 | 5,387 | 4,199 | 3,813 |
| Males | 2,136 | 2,464 | 2,897 | 4,559 | 4,992 | 5,452 | 5,595 | 4,673 | 3,873 | 3,104 | 3,047 |
| Females | 1,083 | 1,308 | 1,470 | 1,797 | 2,023 | 2,193 | 2,264 | 1,911 | 1,514 | 1,095 | 766 |
| Total Labour Force | 90,859 | 92,462 | 93,587 | 93,176 | 93,095 | 94,175 | 95,979 | 97,364 | 98,697 | 100,019 | 104,273 |
| Males | 74,716 | 75,984 | 76,537 | 75,819 | 75,072 | 74,692 | 76,025 | 77,513 | 78,603 | 78,924 | 82,137 |
| Females | 16,143 | 16,478 | 17,050 | 17,357 | 18,023 | 19,483 | 19,954 | 19,851 | 20,094 | 21,095 | 22,136 |
| Working Age Population | 177,003 | 179,155 | 183,100 | 185,709 | 185,825 | 184,575 | 184,259 | 187,268 | 190,981 | 194,081 | 198,354 |
| Males 14 - 64 | 86,821 | 88,292 | 89,613 | 90,476 | 90,341 | 89,328 | 89,050 | 90,288 | 94,665 | 96,265 | 98,084 |
| Females 14 - 59 | 90,182 | 90,863 | 93,487 | 95,233 | 95,484 | 95,247 | 95,209 | 96,980 | 96,316 | 97,816 | 100,270 |
| Percentage of labour Force to economically active population | 51.3 | 51.6 | 51.1 | 50.2 | 50.1 | 51.0 | 52.1 | 52.0 | 51.7 | 51.5 | 52.6 |
| Males | 86.1 | 86.1 | 85.4 | 83.8 | 83.1 | 83.6 | 85.4 | 85.8 | 83.0 | 82.0 | 83.7 |
| Females | 17.9 | 18.1 | 18.2 | 18.2 | 18.9 | 20.5 | 21.0 | 20.5 | 20.9 | 21.6 | 22.1 |

two striking things about the figures in this table: one is the fact that the male activity rate has been in fairly steady decline over these years, with a slight recovery during 1965/66; and the other is the fact that the female activity rate has been steadily rising. Male employment has actually been rising, but the increase in gainfully occupied males has tended to be less than the rise in the economically active population. Unemployment rose sharply after 1959 and has only recently been receding again to pre-1961 levels. Activity rates and unemployment tend to be in inverse relationship to each other. The rise in female activity rates on the other hand has reflected the considerable increase in female employment in manufacturing and service industries since the commencement of the industrialisation drive in the first plan.

5.13 In estimating the 'pool' of willing labour which will be available over the coming Plan it is necessary to make some assumptions about activity rates over the coming years. Taking into consideration past experience, the retention of primary school students for further education in the secondary technical and grammar schools, and bearing in mind that the activity rate is to a large extent a function of the demand for labour, two sets of assumptions have been made in arriving at the projected labour force in Table 5.6: the male figures are based on an activity rate, rising to 84.7 per cent in 1970 and falling to 83.1 per cent by the end of 1973; the female figures postulate an activity rate of 23.4 per cent in 1970 rising to 24.3 per cent by the end of 1973.

**Projected Labour Force**

Table 5.6

| | Males 14-64 | Females 14-59 | Total Labour Force |
|---|---|---|---|
| 1969 | 82,137 | 22,136 | 104,273 |
| 1970 | 83,600 | 23,700 | 107,300 |
| 1971 | 84,050 | 24,350 | 108,400 |
| 1972 | 83,330 | 24,870 | 108,200 |
| 1973 | 83,520 | 25,380 | 108,900 |

5.14 The table at 5.6 is an estimate of the effective *supply* of labour over the coming Plan period. The other side of the picture, of course, is *demand* for labour. This is dealt with in Chapter 7, and Table 7.1 is of particular relevance.

# PART IV

# THE THIRD FIVE YEAR PLAN

# IV. THE THIRD FIVE YEAR PLAN

## 6. POLICIES OF THE THIRD PLAN

The immediate task of the present Plan is to achieve a rate of economic growth high enough (a) to provide jobs for virtually all who seek them; (b) to build up those areas of activity within the economy which can be efficiently developed and which contribute to the achievement of Malta's planning objectives; (c) to raise standards of living in line with increasing productivity of labour. It will be Government's endeavour to ensure that the required investment is made, in the right amounts and in the right areas, and that no constraints develop in the investment programmes for lack of resources.

6.2 A significant increase in national output in Malta's circumstances is only possible if the growth process is directed largely towards, and is geared to, the exportation of goods and services. The emphasis of policy will be: (1) on harnessing productive effort increasingly into service of the export sector, and (2) on opening or widening market opportunities for Maltese products abroad, wherever possible, through appropriate Governmental action. Import substitution, where it can sustain itself over the long term, will of course continue to be desirable and Government will be concerning itself to ensure that those industries which primarily serve the restricted local market are rendered more efficient in readiness for the gradual lowering of domestic tariff walls under the Common Market Association Agreement.

6.3 Development will continue to rely, as heretofore, on private enterprise working in partnership with Government. It will be the task of Government to remove 'environmental' obstacles to growth; and the comparatively large infrastructural investment which the Plan is contemplating (vide Chapter 8) aimed at smoothing the growth path. The usual range of financial, fiscal and other incentives will also be applied as necessary to trigger off desirable private enterprise, but in the last resort a great deal depends on the private sector making an adequate response to the opportunities being created by public policies and actions.

6.4 Shortage of factors of production is not likely to be an effective constraint on output during this Plan. The problem will be to exploit the available factors of production effectively. The aim therefore is to attract investment into new, efficiently organized, productive enterprises while also ensuring that existing enterprises are enabled to make optimum use of the factors at their disposal.

6.5 The Plan projects a sustained growth of productivity. In addition to increases in the amount of capital per worker, and a relocation of the working force from low productivity to high productivity areas, the quality of the labour force generally will be raised through better education and training facilities. The extension of general secondary education and the emphasis on vocational training should make available a more adaptable and skilled, and therefore more productive, labour force. These measures, together with the inducements offered to new investors, should speed up the process of employment, and redeployment, of labour in more productive jobs.

### ASSOCIATION WITH COMMON MARKET

6.6 A serious obstacle to growth is the size of the market for local products. Trade agreements and the work of Maltese Missions abroad should continue to

help producers in their quest for foreign markets. A major initiative being taken by Government is the Association Agreement which is being entered into with the European Economic Community to provide an export market in Europe for Maltese output free from tariff barriers and quota restrictions.

6.7 The proposed agreement aims at achieving a customs union between Malta and the European Economic Community in two phases. During the course of the *first phase,* which will be of five years duration, Malta will be allowed to retain the present quantitative restrictions for protective purposes and will, subject to certain important exceptions aimed at protecting local industries and government revenues, accord a phased linear reduction in its general tariff of 35 per cent in three stages. The Community will, on its part, as from the date on which the proposed agreement comes into force, remove quotas and other restrictions and reduce the common external tariff by 70 per cent on all exports originating from Malta, with the exception of agricultural and petroleum products, and with the further proviso that certain textile exports will be subjected to tariff quotas. During the course of the *second phase,* which is also likely to be of five years duration, Malta will be required to phase out her tariffs against the community, to dismantle her protective policy by the end of the period, and to gradually adopt the common external tariff. The Community, on the other hand, will eliminate all tariffs against Maltese industrial exports at the very start of the second stage. By the end of the second stage a Customs Union will be established. An analysis of the implications of this Agreement on the Maltese economy is given in depth in the White Paper recently laid on the table of the House of Representatives(1).

## INDUSTRIAL POLICY

6.8 Industrial policy during the Plan period will continue to be aimed at diversifying the economy and generating accelerated growth within a competitive industrial structure, and this will be done with an added sense of urgency and purpose now that Malta is on the threshold of association with the Common Market. The instruments at Government's disposal in furtherance of this policy have been its infrastructural outlays, its industrial estate programmes and its financial and fiscal aids and concessions. These devices are of proven efficiency and they will continue to be used, or adapted, as necessary.

6.9 The current policy of 'grant aid' will continue, though over the long term industrial incentives will gradually be oriented to a higher quantum of loans and, wherever possible, interest free loans will substitute grants. While aid will continue to be made available for expansion projects, entrepreneurs will be expected to resort increasingly to ploughed back profits or commercial sources. The Development Corporation will also assist in terms of equity participation and commercial loans wherever indicated.

6.10 Besides fiscal and financial incentives to attract capital into productive industries, Government is carrying on with its intensive programme of factory construction and, as the supply of factories increases and immediate demand is met, the Malta Development Corporation will intensify its promotional efforts both at home and abroad. The opportunities for investment exist as is evident from the substantial number of applications for industrial aid. The Malta Deve-

(1) Proposed Association of Malta with the European Economic Community — 19th October, 1970.

lopment Corporation will increasingly apply itself to the task of transforming private savings into medium or long-term credits for industry, as well as into direct participation, by making full use of its extensive legal powers to borrow from the private sector. Furthermore it will encourage more savings to move directly into long term assets.

6.11 The industrial structure is an important determinant of productivity. Industrial aid policy can play a discriminating role by granting advantages to certain operations judged to be of particular significance for long term growth. The policy throughout the Plan period will be to attract a wider spread of industrial activities than has been attracted up to now; to attract substantial sponsors with the necessary technical and sales organisations to associate, where appropriate, with existing local enterprises; and to develop inter-industry relationships by rationalising industry. In particular the Development Corporation as Government's agent will dispense aid selectively to ensure the establishment of high value-added industrial units.

6.12 The problem of aiding established small industries is under investigation as it is from this sector that the development of locally owned enterprises can most readily be anticipated. Apart from making available long term finance the Development Corporation will endeavour to aid such industries with management advice, to ensure that more sophisticated working methods are adopted to achieve higher productivity and profitability. The protective policy adopted so far will be continued during the Plan period; but it is important for these industries to become competitive in anticipation of the more liberal trade policies which will have to be applied in the course of the fourth plan in terms of the proposed Association Agreement with the European Economic Community.

## TOURIST DEVELOPMENT POLICY

6.13 It will be Government policy to continue nursing the tourist sector broadly along the lines already established. The emphasis will be on (a) trying to attract as many tourists as possible to Malta; and on (b) endeavouring to make their stay in the island as pleasant and memorable as possible. In practical terms the first objective means that our efforts to publicise Malta must be intensified, and we must in particular diversify the range of markets we seek to attract so as to lessen undue dependence on any one source. It also means that we should try to reduce seasonal fluctuations in order to ensure a more efficient utilisation of tourism plant. Getting more people to Malta, from more places, on a more even spread, will require improved communications — sea as well as air — between Malta and its established and potential markets and it will be Government's concern to ensure that such communications are in fact developed.

6.14 Objective (b) means that accommodation capacity — particularly hotel capacity — must keep pace with the increased numbers of tourists, and it also means that additional supporting catering and recreational establishments should be set up to complement hotel development. Government will endeavour to ensure, by way of financial and fiscal incentives, that the required 'infrastructure' of this nature is available in the right quality and quantity. The hotel and catering services sector generally will be brought under closer regulation to ensure adequate standards and the charging of prices compatible with such standards. A primary policy

commitment will be to improve Malta's image as a tourist resort by developing its historic and natural attractions to advantage and by correcting such shortcomings as may tend to prejudice Malta's tourist reputation and appeal.

## AGRICULTURAL POLICY

6.15 The basic objective is to increase output in this sector and to enable this to be done as efficiently as possible(1). While it would be too much to expect that we should be entirely self supporting in our agricultural requirements it is desirable that we should not have to import what we can ourselves produce on a cost competitive basis. Demand is increasing as consumption standards of the resident population rise and as more sophisticated varieties of products are demanded to meet the taste of tourists. Output has tended to increase but it has not kept pace with increasing demand.

6.16 Government is now undertaking, with the help of technical assistance both of the Food and Agriculture Organisation, and other donors, systematic research into the agricultural resources of the country. The result of this study will shortly be available and until it is produced and considered, policy options must to some extent remain flexible. Government will however continue to promote, through the agricultural extension service, the changes necessary to achieve a growth of agricultural output. Incentive grants will continue to be used to induce farmers to introduce new methods of cultivation. There will be an emphasis, as in the previous plans on the development of an efficient livestock industry and on the development of horticultural products.

## EMPLOYMENT POLICY

6.17 The Plan gives high priority to an increase in employment opportunities. The target for employment in the Third Plan is to reach 106,400 jobs by 1973 — about 10,000 above the 1968 figure — and to maintain a high level of employment throughout the Plan. Since the labour force is projected to increase to about 108,900 by 1973 (based on an assumed emigration rate of 2,400 persons per year) this means an unemployment figure at that time of 2,500 or an unemployment rate of just over 2 per cent of the labour force.

6.18 If the target is met, the Maltese economy will reach what is for practical purposes full employment by the middle of the Plan period. It is however important to emphasise that the solution to the short term problem of creating jobs must be without prejudice to the long term need of developing a competitive economy. It would be self-defeating to concentrate on new industries which are labour intensive unless they are also competitive. Similarly, industries should not be induced to remain more labour intensive than is economically efficient.

## PRICE POLICY

6.19 The 'size' of public expenditure proposed for the Plan period and the anticipated investment outlays should result in a high level of home demand. A buoyant local demand may well lead to temporary shortages in certain sectors. In

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(1) A detailed exposition of the potential and limitations of Maltese agriculture is contained in the treatment of the section of Agriculture in Chapter 8. There is a policy perspective written into, or implied, in this treatment. This short note on Agricultural policy should therefore be read in conjunction with Chapter 8.

Malta's open economy these gaps between local supply and demand can as a rule be bridged by importation, but the fact that Malta is not insulated against inflationary movements caused by higher prices of imported commodities means that we are vulnerable to imported inflation.

6.20 If prices tend to get out of hand Government intervention may become necessary. Given that the key factor in Malta's long term growth is the achievement of buoyant and competitive exports in world markets, it is essential that prices and costs should remain stable. Maintaining price stability may prove to be more difficult in the future than it has been in the past. At the beginning of the economic 'upsurge' in 1965 there was excess capacity in certain sectors of the economy and unemployment was relatively high, so rapid increases in real output were attained by increased, and more efficient, use of plant and equipment. In these circumstances, prices remained comparatively stable. But as the economy moves closer towards the high employment target set out in the Plan it will be operating nearer full capacity; skills will be scarce and increases in real output will be tied closely to increases in productivity. It is a common experience for inflation to accompany high rates of employment, and this constitutes a potential threat to export performance which is vital to the development of the economy. Policies will be directed to keep costs internationally competitive.

6.21 During the sharp rise in real output over the second plan increases in wage rates were broadly in line with increases in labour productivity. This contributed substantialy to domestic price stability and helped to maintain the competitiveness of Malta's goods in foreign markets. It is necessary that this balance between wages and productivity should continue if Malta is to build a viable export economy. If increases in wages exceed overall productivity gains the effect will be rising prices. By the same token employers' attempts to increase profits by raising prices during periods of short supply can be self-defeating.

6.22 The maintenance of a reasonably stable price level may at times require the intervention of fiscal and monetary policies. This is an area in which it is difficult to be too specific; the choice of instruments — Government spending, taxation and control of money supply — must necessarily be flexible and the mix of measures must be graduated according to the particular circumstances.

## MONETARY AND FISCAL POLICIES

6.23 In any development plan designed to foster growth, monetary and fiscal policies play an "active" rather than a "neutral" part in the plan strategy. The success of a plan depends in large part on two main factors: the realization of investment targets for the expansion of productive capacity; and the attainment of a level of aggregate demand, domestic or external, which would permit the efficient and profitable utilisation of the capacity so created. Monetary and fiscal actions in the right combinations, must therefore be so applied as to serve the overriding need to secure performance of the set objectives.

6.24 Accumulation of capital depends mainly on additions to outstanding institutional credit which in turn can be constrained by the level of domestic saving. In many developing countries voluntary savings are low and monetary policy has frequently been used to bring about 'forced saving' through inflation. Alternatively taxes have been increased in order to reduce personal consumption and raise national

saving through budget surpluses. Voluntary saving in Malta however tends to be high and it is unlikely that during the unfolding of the Plan monetary and fiscal measures will be required for this purpose.

6.25 The main problem in Malta is not to achieve a high level of saving but rather to stop the flight of voluntary savings attracted abroad by prospects of a higher return. If left unchecked this may leave the economy short of the resources required for development. Steps have already been taken along with the 1970/71 budget to stem this outflow — the Central Bank discount rate has been increased and so has the permissible maximum interest rate for time deposits. In order to attract money into local paper the government borrowing rate has also been increased. These measures will be strengthened by the introduction of local savings bonds and premium bonds, and by such other devices as circumstances may require.

6.26 Credit creation is a particularly vital element in the whole development process. The policy here will continue to be aimed at sufficient control of the banking system to ensure the availability of credit for development purposes while, at the same time, guarding against an undue credit expansion to finance a level of consumption expenditure beyond the capacity of the economy to bear. This is a matter to which the central banking authorities are giving increasing attention.

6.27 An excess of domestic demand over the available supply of resources could lead to a rise in domestic prices as well as to balance of payments difficulties. If current propensities to save and to consume are not disturbed, the output generated by the planned investment should ensure an orderly growth. But if the proportions going to consumption are disturbed both monetary and fiscal measures may be necessary. If consumption were to increase beyond the limits which can be tolerated then new taxes and restrictive monetary policies might have to be brought into play. Alternatively if total demand slackens some degree of monetary expansion may become necessary.

6.28 It is impossible to forecast with absolute assurance the course which the economy may take in the future. The aim of the plan is to lay the guidelines for development. It is then up to Government and the Central Bank to use such weapons in their armoury, as may be appropriate to correct any distortion which might threaten to put the economy off its predetermined course.

## SOCIAL POLICY

6.29 In a development plan the human factor must be taken into account. The increase in economic opportunity and the resultant increase in real incomes should lead to a better distribution of resources and rising living standards.

6.30 Besides the economic necessity of raising productivity through education, the social and cultural advancement of the nation depends on the improvement of the educational level of the people. The Plan provides for such improvement.(1)

(1) Vide the section on Education in Chapter 8.

6.31 As regards housing: in spite of the intense building activity of the last few years, a part of the population is still living in socially unacceptable conditions, and young couples are still finding it difficult to rent accommodation. The main aim therefore is to carry out an extensive programme of 'social' housing, coupled with measures to provide finance and land on easy terms for home ownership schemes to cater for the demands of the lower income groups. In addition present conditions will continue to be alleviated through funds being made available for reconditioning of sub-standard housing and for building of second storeys.

6.32 Much has been done in the past to improve the standard of health of the population. Mortality rates, and in particular infant mortality, have been reduced dramatically over the past decade or so. Programmes are included to modernize hospitals, to provide accommodation for a children's hospital and to build a new general hospital in Gozo. The plans for extending the sewerage system are also relevant to the general aim of improving standards of health.

## 7. IMPLICATIONS OF THE PLAN FOR THE OVERALL ECONOMY

The central challenge of this Plan is to maintain a high level of employment and to raise the standard of living of the Maltese people mainly through increasing the long run rate of growth of real incomes. To meet the employment target the total demand for the economy's output either by way of exports or of domestic consumption must be high enough to sustain in productive work the prospected number of gainfully occupied persons.

7.2 This Chapter will first quantify the sectoral investment required in order to achieve the target of full employment. The stimuli proposed to be applied through the medium of Government's fiscal and monetary policies to induce this investment, as well as the public sector infrastructural requirements to avoid strategic bottlenecks to development, are discussed in other chapters. It is also the purpose of this chapter to trace the effect in money terms of the targets set for investment with respect to gross national product, to identify the savings which are likely to be generated due to the resultant growth of incomes, to estimate the financial gap in terms of foreign capital requirements — grants, loans and private transfers of capital — to meet planned objectives, and to assess the likely trend in balance of payments over the Plan period. As a result of these calculations it will also be possible to estimate the rate of growth of consumption consistent with stable and orderly growth.

7.3 It is to be emphasised that the estimates in this chapter are not forecasts of what will actually occur but are merely intended to show the implications, in national accounting terms, of total anticipated investment in the absence of unforeseen distorting circumstances. No attempt has been made to measure the impact of external forces which will affect the Maltese economy, although it is patently obvious that the economy, in view of the extent of its dependence on exports and imports, is very susceptible to external influences. It is not possible to foresee and provide for all the possible changes in exogenous forces which may occur.

7.4 Finally it is to be pointed out that all monetary estimates are worked out at constant — 1968 — prices. The estimates, therefore, do not attempt to forecast price changes and their effect on the working of the economy.

### MANPOWER

7.5 Manpower targets are based on a sectoral analysis of past behavioural characteristics: the resilience of each sector, its ability to respond to public sector inducements and its responsiveness to growth of total aggregate demand. These employment targets are the basis on which sectoral investment requirements have been calculated.

7.6 The supply of manpower is projected in Chapter 5, and a supporting table indicating the basis on which the estimates were arrived at is found at Appendix C. In short, the forecasts take into account projected demographic changes and planned developments in the educational system, and combine these with assumptions of participation rates. In particular the forecasts assume that the higher demand for manpower generated by further development will attract a higher proportion of unmarried females into the employment stream. The net effect of these anticipated changes will be to increase the number of persons willing to enter the labour force from 104,000 in 1969 to nearly 109,000 in 1973.

7.7 The main characteristics of the employment targets set in Table 7.1 are: shedding of labour by the agricultural sector, the defence sector and the construction industry; and continued rapid expansion of the manufacturing industry and the tourist industry (hotels and recreational and personal services). It has been assumed that employment in the other sectors will follow the growth leaders, exhibiting more or less the same functional relationships as were evident during the course of the second plan.

7.8 The underlying long term labour trend in the agricultural sector has been falling. The fall in full time employment has been compensated by increased use of mechanisation and improved cultivation methods. These factors, together with an increased use of fertilizer, better seeds, and policies aimed at improving the agricultural product-mix, should lead to an increase in farm producticity and make higher output possible with a lower labour force.

7.9 Labour shedding by the defence sector needs little elaboration. It will be recalled that the primary objective of economic planning since 1959 has been to change the economic structure of Malta to take up the slack occasioned by the gradual dismantlement of the British Defence establishment in Malta.

**Employment Targets**

Table 7.1

| | Actual 1969 | 1970 | 1971 | 1972 | 1973 |
|---|---|---|---|---|---|
| Agriculture & Fisheries ... | 6,280 | 6,220 | 6,160 | 6,100 | 6,040 |
| Wholesale & Retail Trade ... | 12,530 | 12,690 | 12,740 | 12,780 | 12,820 |
| Banking, Insurance etc. ... | 1,210 | 1,360 | 1,410 | 1,460 | 1,490 |
| Services and Forces ... ... | 7,780 | 7,200 | 6,400 | 5,100 | 5,100 |
| Community and Business Services ... ... ... | 2,270 | 2,350 | 2,430 | 2,510 | 2,590 |
| Recreational and Personal ... | 7,642 | 7,870 | 8,300 | 8,770 | 9,000 |
| Hotels ... ... ... | 2,778 | 3,000 | 3,650 | 3,900 | 4,200 |
| Manufacturing Industries ... | 17,586 | 19,310 | 21,290 | 22,580 | 23,070 |
| Dockyard ... ... ... | 5,204 | 5,000 | 5,050 | 5,150 | 5,210 |
| Government, Electricity & Gas ... ... ... ... | 20,350 | 20,960 | 21,100 | 21,100 | 21,100 |
| Transport and Communications ... ... ... | 4,460 | 4,640 | 4,700 | 4,750 | 4,780 |
| Construction and Quarrying | 12,370 | 12,900 | 12,170 | 11,000 | 11,000 |
| Gainfully occupied ... ... | 100,460 | 103,500 | 105,400 | 105,200 | 106,400 |
| Unemployed ... ... ... | 3,813 | 3,800 | 3,000 | 3,000 | 2,500 |
| Labour Force ... ... | 104,273 | 107,300 | 108,400 | 108,200 | 108,900 |

7.10 The demand for manpower in the construction industry has been assessed against a background of known forces at work in the economy. The total demand for industrial and hotel construction has been estimated in the light of the targets set in the Plan; the programme of Government construction has been abstracted from the public sector investment programme set out in Chapter 8; while the demand for private dwellings assumes a slump in luxury villas and an increasing demand for medium priced dwellings by the Maltese. Due allowance has been made for the accumulated backlog of private construction. The tendency will be for total construction activity to rise but for the private sector's share of this activity to fall (vide Table 7.2) While this private sector decline will be compensated by a more than corresponding increase in public sector construction two factors must be borne in mind: (a) Government construction is as a rule less labour intensive; and (b) in any event only part of Government work will be farmed out to private contract.

7.11 The targets set for manufacturing — to which the public sector factory building programme is geared — have been based on estimates provided by the Malta Development Corporation, taking into account anticipated expansion schemes, the phasing of projects which have been approved but not yet started, projects in the pipeline, and the likely flow of new applications. These schemes should ensure that the target of 13,500 jobs in aided industry will be met.

7.12 This Plan is aiming at a continued expansion of tourism. Despite the slight set back during 1970 it is anticipated that there will be a resumed upward trend in the number of tourists coming to Malta over the remaining four years of the Plan, although the curve will be tending to rise rather less steeply than has been our recent experience. As stated in Chapter 8 the expectation is that the flow of tourists (given the likelihood of some continued seasonal imbalance and the possibility that an increasing number may be seeking hotel accommodation) will warrant expansion of total bed capacity to around 11,500 units by 1973. Employment in hotels has been estimated on a bed/employment ratio worked out on the experience gained so far. Employment in the recreational and personal services sectors has been assumed to grow apace with the increase of employment in hotels.

## INVESTMENT TARGETS

7.13 The sectoral targets of employment set out in Table 7.1 postulate a level of investment high enough to meet the programmed rates of growth. The investment projections for the next five years given in Table 7.2 indicate the public sector investment programme and the amount of private investment that would be required to achieve the growth target. Over the Plan period it will be necessary for the economy to invest some £118 million in construction and machinery. This would represent an average of nearly 13 per cent of total resources in real terms — about the same proportion experienced during the second plan. As a proportion of gross national product at market prices, formation of fixed capital is projected at about 23 per cent over the Plan period as a whole. This is slightly more than the average for the second plan period. Past experience indicates that the investment targets are attainable.

## RESOURCES AND USES

7.14 Capital formation targets set out in Table 7.2 have been related to past capital-output experience to provide yearly estimates of the national output. The investment targets if achieved should result in a 56.7 per cent growth in real output during the Plan period which would mean an increase in Gross National Product of about £43 million at 1968 prices. This is equivalent to an average compounded rate of growth of 9.4 per cent per annum for the period as a whole. The Gross National Product per head of the population at 1968 prices is likely to rise by £135 at an average compounded rate of growth of 9.1 per cent per annum.

**Investment Targets**

**(Gross Fixed Capital Formation)**

Table 7.2 £ million

| | 1969 | 1970 | 1971 | 1972 | 1973 |
|---|---|---|---|---|---|
| **Machinery & Equipment** | | | | | |
| Agriculture & Fishing ... | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 |
| Construction & Quarrying | 0.5 | 0.5 | 0.5 | 0.4 | 0.5 |
| Manufacturing ... ... | 4.2 | 4.7 | 5.5 | 3.6 | 2.1 |
| Transport ... ... ... | 2.3 | 1.7 | 1.7 | 1.8 | 1.9 |
| Wholesale & Retail ... | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 |
| Ownership of Dwellings ... | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 |
| Hotels and Private Services ... ... ... | 0.6 | 0.5 | 0.6 | 0.6 | 0.7 |
| Government Enterprises ... | 3.5 | 2.0 | 2.4 | 2.4 | 2.9 |
| Public Sector ... ... | 0.2 | 0.3 | 0.3 | 0.3 | 0 4 |
| Total Machinery & Equip. | 12.1 | 10.5 | 11.8 | 9.9 | 9.4 |
| **Construction** | | | | | |
| Private: | | | | | |
| Dwellings ... ... | 4.7 | 5.6 | 4.8 | 4.8 | 4.3 |
| Others ... ... ... | 3.3 | 3.6 | 3.9 | 3.5 | 3.5 |
| Public Sector Construction ... ... ... | 3.5 | 4.0 | 4.4 | 5.1 | 5.3 |
| Total Construction ... | 11.5 | 13.2 | 13.1 | 13.4 | 13.1 |
| **Gross Fixed Capital Formation** ... ... ... ... | 23.6 | 23.7 | 24.9 | 23.3 | 22.5 |

Actual £M25.5 million at current

7.15 Table 7.3 sets out in broad terms the likely available resources and the changing use of resources between 1968 and 1973. It shows that in addition to an increase of £43.4 million in Gross National Product, importation is expected to increase by £35.6 million. Total resources by the end of 1973 are anticipated to increase by some £79 million when compared with 1968. Of this additional amount some £30.7 million will be exported. Total internal demand will therefore have to increase by £48.3 million to achieve planned growth targets. Some £3.9 million will be required to increase investment in the private and public sectors of the economy. This leaves about £44.4 million to be divided between personal consumption and recurrent public expenditure on goods and services.

**Projections of Resources and Their Uses (1968 prices)**

Table 7.3

£ million

| | 1968 | 1969(1) | 1970 | 1971 | 1972 | 1973 |
|---|---|---|---|---|---|---|
| **Resources** | | | | | | |
| Gross National Product ... ... | 76.5 | 84.7 | 93.5 | 101.9 | 111.1 | 119.9 |
| Imports of goods & services ... ... | 60.9 | 71.0 | 78.4 | 83.9 | 89.1 | 96.5 |
| **Uses** | | | | | | |
| Consumption: | | | | | | |
| Private ... ... | 53.2 | 62.3 | 71.0 | 75.1 | 82.4 | 90.1 |
| Government ... | 12.2 | 13.3 | 15.6 | 16.9 | 18.3 | 19.7 |
| Investment: | | | | | | |
| Private: | | | | | | |
| Construction ... | 6.8 | 8.0 | 9.3 | 8.8 | 8.3 | 7.8 |
| Machinery ... | 7.6 | 8.4 | 8.2 | 9.0 | 7.0 | 6.0 |
| Public: | | | | | | |
| Construction ... | 3.3 | 3.5 | 4.0 | 4.4 | 5.1 | 5.3 |
| Machinery ... | 2.2 | 3.7 | 2.3 | 2.7 | 2.8 | 3.3 |
| Stock Building ... | 3.1 | 2.8 | 3.3 | 3.7 | 4.1 | 4.5 |
| Exports of goods & services ... ... | 49.0 | 53.7 | 58.2 | 65.2 | 72.2 | 79.7 |

7.16 It is to be stressed again that the assessments provide guide lines and targets to achieve a rate of growth consistent with the employment objectives given in Table 7.1. Investment increases productive capacity which in turn generates the growth in the national product and underpins the expansion of consumption which is the basis of increased living standards. Growth is acknowledged to be a function of the level of aggregate demand and of its structure and phasing. Export performance plays a crucial role in the implementation of the Plan. If, for example, in the actual unfolding of the Plan there is a shortfall of £1 million in exports, then private consumption will have to be stimulated by £2.85 million if the rate of growth is to be maintained. Such a course of action would induce about £1.37 million additional imports adding in the process £2.37 million to the balance of payments gap.

(1) Provisional estimates prepared by the Central Office of Statistics.

## PERSONAL CONSUMPTION

7.17 Achievement of the 9.4 per cent growth target would make possible an increase of private consumption expenditure in real terms of about £36.9 million. On a per capita basis, the increase is expected to be about £115 at 1968 prices or a cumulative rate of increase of 10.9 per cent per annum. In spite of these projected increases, private consumption is expected to claim a somewhat smaller proportion (41 per cent) of total resources during the Plan period than it did between 1964 and 1968 (44 per cent).

7.18 It will be one of the main aims of policy to use monetary and fiscal measures to contain personal consumption within the limits set in these projections. If personal consumption were to increase beyond these limits, (given the production targets) this will be either at the expense of exports, with the consequences outlined in para. 7.16, or at the expense of investment which is the basis for future development.

## GOVERNMENT CONSUMPTION EXPENDITURE

7.19 One should be clear about what is included as government consumption expenditure. This item is broadly equivalent to payments for goods and services defrayed out of government's recurrent budget. It excludes such transfer payments as subsidies, debt servicing charges, social security benefits etc. Government's consumption expenditure, so defined, is projected to rise by about £7.5 million in real terms between 1968 and 1973, and is expected to claim about 9 per cent of total resources.

## FOREIGN TRADE

7.20 Dependence of the Maltese economy on foreign trade is emphasised by the fact that about 45 per cent of total projected resources will come from imports of goods and services. The balance (55 per cent) will be provided by Gross National Product.The import bill is expected, therefore, to remain high during the Plan period. Our expanding economy requires an increasing volume of imports of machinery, and our lack of industrial raw materials means that an expansion of industrial exports must be accompanied by increased importation of raw or intermediate material for futher processing in Malta. Higher living standards, too, will be translated into an increased demand for imports.

7.21 The amount of total resources going to export reflects the greater emphasis on developing an export-oriented economy. This ,as repeatedly stated, is a vital long-term aim of economic planning in Malta. Total exports of goods and services are expected to rise from £49 million in 1968 to around £80 million in 1973.

## SAVINGS

7.22 In order to achieve projected private and public Gross Fixed Capital Formation (and stocks) without inflation, domestic savings will have to match total investment. Alternatively the excess of investment over savings has to be made up by foreign grants, foreign loans, or private transfers of capital from abroad.

7.23 One of the more positive factors in the Maltese development picture is the high rate of personal saving. In the past, individuals tended to save about £23 out of every £100 increase in their income after taxes. This is high in comparison with most countries. It is true, however, that Maltese savers have, by and large, tended to post a good part of their savings abroad. This has been a substantial leakage and it is now an object of Government policy to persuade local savers to involve themselves more closely in the development of the economy. Projected corporate savings — retained corporate profits — will also contribute to the absolute rise in total national savings. Past experience indicates that a large part of the rise in corporate profits is distributed abroad. This can be corrected by an expansion of the local entrepreneurial function, and if more local capital is sunk in local productive enterprises a lower proportion of profits will be distributed abroad.

7.24 Gross domestic savings (including depreciation) are projected to increase from about £18.3 million in 1968 to £25.6 million in 1973. Despite these increases total gross domestic savings are expected to fall short of gross domestic investment during each year of the Plan. This means that foreign grants, loans and capital transfers from abroad will be needed to sustain the investment programme in the Plan. The projections, in detail, are contained in Table 7.4.

## Savings and Investment Projections (1968 prices)

Table 7.4 £ million

| | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 |
|---|---|---|---|---|---|---|
| **Gross Investment** | | | | | | |
| Gross Fixed Capital Formation at home: | | | | | | |
| Private Sector ... | 14.4 | 16.4 | 17.5 | 17.8 | 15.3 | 13.8 |
| Public Sector ... | 5.5 | 7.2 | 6.3 | 7.1 | 7.9 | 8.6 |
| Increase in stocks ... | 3.1 | 2.8 | 3.3 | 3.7 | 4.1 | 4.5 |
| TOTAL ... ... | 23.0 | 26.4 | 27.1 | 28.6 | 27.3 | 26.9 |
| **Gross Domestic Savings** | | | | | | |
| Private Sector ... | 14.1 | 14.0 | 15.5 | 20.5 | 21.1 | 21.2 |
| Public Sector ... | 1.6 | 1.3 | −1.4 | −1.6 | −0.2 | 0.9 |
| Capital Consumption Allowance ... ... | 2.6 | 2.7 | 2.9 | 3.1 | 3.3 | 3.5 |
| TOTAL ... ... | 18.3 | 18.0 | 17.0 | 22.0 | 24.2 | 25.6 |
| Financial Deficit ... | −4.7 | −8.4 | −10.1 | −6.6 | −3.1 | −1.3 |
| Capital Transfers from abroad: | | | | | | |
| Private ... ... | 2.3 | 2.6 | 2.0 | 2.0 | 2.0 | 2.0 |
| Official (1) ... ... | 5.6 | 4.5 | 9.8 | 5.2 | 4.1 | 3.0 |
| TOTAL ... ... | 7.9 | 7.1 | 11.8 | 7.2 | 6.1 | 5.0 |
| Balance ... ... | +3.2 | −1.3 | +1.7 | +0.6 | +3.0 | +3.7 |

(1) Including Government borrowing from abroad.

7.25 Over the period as a whole the Plan requires some £29.5 million in foreign grants, foreign loans and capital transfers from abroad to make up the projected savings — investment gap. The balances outstanding from the Financial Agreement with the United Kingdom and the loan agreement with Italy amount to £26.6 million indicating a need for £2.9 million (net) of other capital transfers. This gap is expected to be filled by inflows of foreign capital since the likelihood is that capital transfers of new residents and direct investment of foreign capital in Maltese enterprises will more than offset investment of Maltese money abroad.

## BALANCE OF PAYMENTS

7.26 Malta has historically suffered from large deficits in its balance of trade — the difference between imports and exports of goods. This plan does not hold any prospect of a reduction in the gap. Indeed the growth targets set in the plan are anticipated to cause this deficit to increase from £34 million in 1968 to £45.4 million by 1973. This means that the demand for imported investment goods to increase our productive potential, our anticipated increased imports of goods for further processing as well as our higher consumption imports to improve living standards will tend to increase our import bill at a rate higher than our domestic exports can expand. In contrast the balance on our invisible transactions is positive and is projected to keep on increasing consistently. Nevertheless, the negative trade gap is anticipated to remain larger than the positive balance on invisible transactions. The projection of the balance of payments shows that, in no single year, will Malta achieve a positive balance on its goods and services account. The gap in Current Account in each case will therefore have to be met by transfers of capital from abroad.

7.27 The estimates in Table 7.5 show the negative yearly balance on goods and services. The table also identifies the likely flows of official grants and loans in terms of current agreements. The balance is shown as a financial gap to be filled by other capital inflows. The net requirement over the five years, of such other capital will be about £56.8 million. It is pertinent to point out that between 1964 and 1968 private current transfers and private direct investments amounted to £48 million. The balance of payments may prove to be a problem in Malta's economic development over the long term. The foreign exchange requirements up to 1973, however, appear manageable, and on the basis of recent trends it is not unrealistic to expect that the gap will be bridged by capital transfers.

## Balance of Payments Projections (1968 prices)

Table 7.5 (£M million) £ million

| | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 |
|---|---|---|---|---|---|---|
| **Goods and Services** | | | | | | |
| Visible Transactions (1) | | | | | | |
| Imports ... ... | 45.9 | 53.8 | 58.8 | 61.8 | 65.1 | 70.6 |
| Exports and re-exports ... ... | 11.8 | 13.6 | 16.0 | 18.8 | 21.9 | 25.2 |
| Trade Balance ... | −34.1 | −40.2 | −42.8 | −43.0 | −43.2 | −45.4 |
| Invisible Transactions | | | | | | |
| Debits — Total ... | 15.0 | 17.2 | 19.6 | 22.1 | 24.0 | 25.9 |
| Credits — Total... | 37.2 | 40.1 | 42.2 | 46.4 | 50.3 | 54.5 |
| Balance of Invisibles ... ... | 22.2 | 22.9 | 22.6 | 24.3 | 26.3 | 28.6 |
| Balance of goods and services ... | −11.9 | −17.3 | −20.2 | −18.7 | −16.9 | −16.8 |
| **Financial Gap** | | | | | | |
| Official transfers from abroad (2) ... | 7.0 | 5.8 | 11.1 | 6.5 | 5.4 | 4.3 |
| Other capital requirements ... | 4.9 | 11.5 | 9.1 | 12.2 | 11.5 | 12.5 |

## GOVERNMENT CURRENT ACCOUNT

7.28 The plan has both direct and indirect implications for the public current account. Economic development throws additional strains in terms of staff, maintenance of infrastructure, training, education and a host of other activities. There will also be the additional burden of debt servicing since inevitably a good part of the resources for financing the Government's capital programmes will have to be found in loan form. On the other hand the current account will benefit to the extent that the yield from both direct and indirect taxes will be greater because of the higher incomes which will be generated as a result of the Plan.

7.29 Total tax receipts, on the basis of the present tax structure and on present tax rates, are projected to increase by some £11.8 million, profits and property income by £3.0 million and transfers by £0.4 million in 1973 over 1968. Total receipts of Government on current account are expected to rise from £20.2 million in 1968 to £35.4 million in 1973.

7.30 It will be seen from Table 7.6 that expenditure is likely to exceed revenue, so projected, between 1970 and 1972. This is mainly because of the payments of arrears of pay, and normal increase in cost of Government. Of course, how the deficits, if they emerge, will be dealt with is a matter for short term budgetary judgement depending on the particular circumstances of the moment.

(1) F.O.B. prices.

(2) Includes current transfers and grants and loans.

## Projected Government Current Account (1968 prices)

Table 7.6 £ million

| | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 |
|---|---|---|---|---|---|---|
| **Receipts** | | | | | | |
| Taxes ... ... | 13.7 | 17.5 | 19.3 | 21.2 | 23.2 | 25.5 |
| Profits and other Property Income | 3.9 | 4.4 | 5.0 | 5.6 | 6.3 | 6.9 |
| Transfers ... ... | 2.6 | 2.7 | 2.8 | 2.9 | 3.0 | 3.0 |
| TOTAL RECEIPTS | 20.2 | 24.6 | 27.1 | 29.7 | 32.5 | 35.4 |
| Total Government Consumption Expenditure ... ... | 12.2 | 13.3 | 15.6 | 16.9 | 18.3 | 19.7 |
| **Transfers** | | | | | | |
| Debt Servicing ... | 1.0 | 1.4 | 1.9 | 2.5 | 3.0 | 3.8 |
| Other Transfers ... | 5.4 | 8.6 | 11.0 | 11.9 | 11.4 | 11.0 |
| TOTAL OUTLAYS | 18.6 | 23.3 | 28.5 | 31.3 | 32.7 | 34.5 |
| Surplus or Deficit after allowing for Depreciation ... ... | +1.6 | +1.3 | −1.4 | −1.6 | −0.2 | +0.9 |

## GROSS NATIONAL PRODUCT AND PRODUCTIVITY

7.31 It has already been suggested that the success of the Plan depends on maintaining a high rate of growth of productivity in the economy. The emphasis on education, the incentives offered by the public sector to induce private investment in local productive enterprises, and the Government's backing investment in infrastructure, should all contribute to a steady increase in output per head.

7.32 The targets set in the Plan postulate an average annual rate of growth of productivity of 7.1 per cent. The increase in productivity assumes that the stated investment will be made in the designed sectors and that there will be both increased employment opportunities and mobility of workers from occupations with low output per head to occupations with higher output.

## SUMMING UP

7.33 To sum up: Gross National Product measured in constant market prices is projected to increase at an average cumulative annual rate of 9.4 per cent from 1968 to 1973 as a result of the policies outlined in the Plan. The reduction of unemployment to the target set contributes 0.4 percentage points; growth in the gainfully occupied population due to demographic changes and anticipated changes in participation rates contributes 1.9 percentage points; and the growth in productivity for the period as a whole contributes 7.1 percentage points. These various changes can be brought about with a total outlay in gross fixed capital formation of about £118 million over the Plan period, which should increase total available resources by £79 million in 1973 over 1968. The requirements in terms of foreign exchange are substantial but, on the basis of past trends, it is not over-optimistic to expect that private capital and current transfers, along with official grants and loans, will enable the development effort to reach the targets set without seriously impairing reserves.

# 8. PUBLIC SECTOR INVESTMENT

This chapter reviews in some detail the public sector projects which are programmed for the next five years. The main aim of the public capital expenditure listed in Appendix A is to strengthen and extend the basic infrastructural facilities which provide the foundation on which Malta's development strategy rests; to provide the necessary inducements to accelerate growth in the key sectors of development — manufacturing industry and tourism — which depend on the response of the private sector; to further education and make it more relevant to Malta's changing needs; to protect the health of the people and to provide moderately priced housing units.

## (A) Infrastructure

### ELECTRICITY

8.2 The main objective of the Plan, under the head of electricity, is to augment the supply of electric power, by way of an increase in generating capacity, and to improve and extend the transmission and distribution system, so as to ensure that the needs of development generally — and of manufacturing industry and tourism especially — are fully and promptly met.

8.3 The programme of capital works contemplated for the Third Plan can be broadly described under four heads: generation of electricity; transmission and distribution: extension of electricity to various localities; and remodelling of street lighting. The first two heads are the responsibility of the Malta Electricity Board in terms of Act XXIV of 1963 and works under them will be carried out under the Board's direct executive control. Finance will also be the concern of the Board. In regard to electricity extensions and street lighting the Board acts as the agent of Government administering funds put at its disposal from Government capital budget sources.

*Generating Plant*

8.4 Before the new Power/Water Station came into operation in October, 1966, the installed generating capacity of the Malta Electricity Board was 30 Megawatts. Two generators at the new station, each of 12.5 Megawatts capacity, increased the total installed capacity available to the Malta Electricity Board to 55 Megawatts and brought the "firm" capacity to 42.5 Megawatts.(1) The peak demand of 44.2 Megawatts and 50.2 Megawatts during the winters of 1967/68 and 1968/69 respectively exceeded firm capacity but the Board was able to manage by relying on total installed capacity. With the commissioning of the first new 30 Megawatt generator in March, 1970, total installed capacity has been brought up to 85 Megawatts and firm capacity to 55 Megawatts. The new large generator was, actually, available ahead of formal commissioning to enable the Electricity Board to cope with peak demand during the winter of 1969/70 which shot up to 59.2 Megawatts and it was possible for the Board to meet this demand without any resort to load shedding.

8.5 A second 30 Megawatt set is due for commissioning late in 1970 and the total installed capacity will then be 115 Megawatts (85 Megawatts firm). It is expected that this capacity will suffice to meet anticipated demand up to the winter of 1972/73

(1) Firm capacity is the total installed capacity at a given time less the capacity of the largest single generator.

when peak demand is likely to rise to around 83 Megawatts. Thereafter additional generating capacity shall have to be provided. It is planned that the Board should have a third 30 Megawatt set working by mid-1973. This will bring the total installed capacity to 145 Megawatts.

*Extension and Strengthening of Transmission System*

8.6 The provision of additional generating power at the new Station is only one aspect of the supply process. To get the supply to the consumer requires extensive programmes to extend and reinforce the distribution system as well. Since 1959 the distribution system has been operated at 11.5 Kilovolts. The demand for electric power from prospective industrial and hotel consumers and, to a great extent also from the domestic sector, has however risen to such an extent that a distribution system operated at higher voltages is now needed for the transmission of bulk magnitudes of power to distribution centres remote from the Power Station. A system of transmission at 33 Kilovolts has therefore been designed in terms of which a number of 33KV feeders from the Power Station will supply current to both 33 Kilovolts and 11.5 Kilovolts distribution centres at various points in Malta and Gozo according to need. These centres will be interconnected to form ring circuits so as to ensure a reliable and flexible distribution of power. The first two 33 Kilovolts distribution centres at San Ġwann and Mosta have been completed. Work is at present in hand on a third distribution centre at Tarxien and plans are envisaged for similar distribution centres at other strategic points during the course of the Plan.

8.7 In the meantime the existing 11.5 Kilovolts distribution system will continue to be sectionised into regional networks supplied from the 33 Kilovolts distribution centres to ensure a more efficient power transmission. The works programmed for the Valletta, Sliema, Rabat, Mosta, Msida, Gżira and St. Julians areas have been completed and works are in hand on similar projects in the South-Eastern, Central and North-Western areas, work being carried out on a priority basis. Furthermore the submarine cable between Malta/Comino/Gozo will be replaced by another of higher electrical capacity and mechanical durability to ensure reliability of supply and to allow for repair works occasionally on the old cables which have been subjected to very intensive use since they were laid.

*Extension of Supplies to Various Localities*

8.8 Over the first two plans Government worked to a programme which envisaged eventual extension of the electricity supply to all populated areas of Malta and Gozo. This objective will be virtually achieved by 1974. Most community areas are now supplied with electricity; but there remain a number of populated areas in remote districts which do not yet have electricity. Most of these will be getting a supply before the end of the Third Plan.

*Street Lighting*

8.9 Although considerable progress has been made in the development of the street lighting system during the second five-year plan there are still roads and areas, particularly developing areas, which are either without electricity or are inadequately lit. Steps are being taken to extend and improve supplies in these localities. During the previous plans (both First and Second) efforts were concentrated on the rehabilitation and general improvement of street lighting installations in towns and villages. Now that the majority of these works have been com-

pleted, more attention will be given to the lighting of the arterial highways and to the floodlighting of public buildings and monuments. The standard of street lighting in Gozo also requires improvement. A sizeable allocation of funds for Gozo is therefore being made to intensify the street lighting programme there.

*Finance*

8.10 The cost of providing the two 30 Megawatt generating sets already on order and of purchasing and installing the third 30 Megawatt set will amount to about £4.5 million during the Plan period. The extension and reinforcement of the distribution system will cost another £1 2 million over the same period. This total investment of around £5.7 million will be the responsibility of the Malta Electricity Board. The extension of electricity supply to rural areas and the improvement of the street lighting system, which are Government responsibilities, will be financed out of a provision of £450,000 which is being made available for the Plan period.

## WATER

8.11 An adequate water supply is vital for economic development in Malta. Rising living standards, the growth of tourism and expansion in the industrial and agricultural sectors all exert pressure on available water resources.

8.12 Until fairly recently water supply in Malta was being derived entirely from ground water exploitation. Government has however been advised by expert opinion that extraction from ground sources should not be carried beyond the point where the salinity rate of water so obtained rises above 500 parts per million. This in fact means that total extraction must be kept within a ceiling of 2,500 million gallons per annum, and even this ceiling is geared to an assumption of an annual average rainfall of 20 inches. In 1967-1968 the actual extraction from Malta's aquifers however was running at a production rate of 3,500 million gallons per annum, and the mean salinity of this water came to about 720 parts per million. Maximum salinity during the summer months, as recorded in several maior pumping stations, even reached the alarming proportion of 1,000 parts per million. This was a clear indication that aquifers were being grossly over-pumped.

*Desalination*

8.13 Government has embarked on a sea-water desalination programme aimed at increasing water resources from distiller sources, to meet progressively growing demand and to replace the margins of supply hitherto provided by over-extraction of ground water. In addition a project known as the Wastes Disposal and Water Supply Scheme(1) under the World Health Organisation agency is under way. This project provides, inter alia, for studies to explore the possibility of tapping additional ground-water resources, either through the discovery of new sources or through reclamation of sewage water which can be used to recharge the aquifers after purification. A token provision has been entered under the Water vote to meet the expense of further development of the lower coralline table should this be found feasible.

(1) See under "Sewers".

8.14 The sea-water desalination programme comprises a distiller complex at the new Power/Water Station planned to take six units. The first four units with a production capacity of 4.5 million gallons per day are already working. An additional distiller (No. 5) with a capacity of 3 million gallons per day will come into operation during the course of 1972 and this will increase the overall rated output of distillate from the existing Power/Water Station to 7.5 million gallons per day by 1972. Allowing for breakdowns, and stoppages for routine servicing, the total output of distilled water per day that can safely be counted on should, when coupled with production of ground water at the 'safe' limit of 2,500 million gallons per annum, suffice to meet foreseeable water demand up to 1975, provided current plans to reduce water leakage in course of transmission are successful. A programme of leakage detection with the latest instruments has been embarked upon with the aim of saving about 1.4 million gallons per day of the water now being lost of leakage. The continued replacement of defective water meters will also help the water supply situation, indirectly, by discouraging extravagant water consumption.

*Conservation*

8.15 Along with this "resource development" programme Government is energetically following all known aspects of water conservation. Surface run-off collection and storage has been investigated in detail and over the last decade some 50 small dams have been erected across major water courses. These dams prevent rain run-off from flowing directly to the sea and so help to recharge the aquifers.

*Distribution*

8.16 The distribution system has also to be developed 'pari passu' with the development of resources. Distilled water from the Power/Water Station has to be transferred to various surface water reservoirs throughout the Island. Distilled water besides being unpalatable is corrosive to the distribution system and cannot be utilised unless it is blended with ground water. By blending, the distilled water picks up its deficient minerals from the ground water and the latter, in turn, is softened. This blending of water has to be undertaken scientifically and the ratio of blending is an important limitation. A chemical dosing plant has been installed to inject chemicals into the distillate. This increases the blending ratio of distillate and ground water, thereby optimising the use of distilled water. A 16-inch distillate transfer main with a capacity of 3 million gallons per day has already been laid from the Power/Water Station to the Luqa group of reservoirs and a second 21-inch transfer main with a capacity of 4 million gallons per day has also been laid from the Power/Water Station to the Ta' Qali group of reservoirs. In addition it is planned to lay transfer mains between the various reservoirs in order to ensure the availability of sufficient quantities of water in all parts of the Island and the first two such mains will link Ta' Qali, Naxxar and Qrendi reservoirs.

8.17 Concurrently, action is being taken to enlarge trunk and service mains to meet increasing demands from the regions they supply. The maintenance of the system is a recurrent activity and the renewal of water mains and redistribution of supplies are provided for in the Plan. The extension of the distribution sytem to the new developed areas and sites also requires the extension of mains and redistribution of supplies.

*Gozo*

8.18 Gozo likewise has water problems of its own. The available ground water there is also being over-exploited to the long term detriment of the main aquifer. After careful economic and technical study of alternative ways of augmenting the Island's water supply to meet anticipated growth in demand, it was decided to install a sea-water desalination plant. The first unit of production will provide about 0.5 million gallons per day from a single-purpose desalination station which is scheduled to be completed before the end of 1971. This station will also be capable of accommodating another distiller when water demand expands sufficiently to warrant a second unit. Initial action for the purchase and installation of the second distiller is contemplated during the time span of the Plan.

*Sixth Distiller*

8.19. The water programme in Malta does not stop in 1973-1974. The existing Power/Water Station will have physical space for a sixth distillation unit (3m.g.d.). This project is timed for after 1973/74 but preliminary works are expected to be taken in hand round about the end of the Plan period.

*Finance*

8.20 A total sum of £4.64 million is being made available for water development in the Plan. The greater part of this sum will be going on distillation projects: £2.6 million for the Malta distillers; £.91 million for the Gozo distillers. The remaining elements of the programme, including renewal and extension of mains and improvement and redistribution of supplies, will take up the balance.

GAS

8.21 The demand for Town and Liquid gas from domestic households and commercial establishments such as hotels, restaurants and blocks of holiday flats is expected to continue to increase during the Plan quinquennium. In order to increase the supply potential the Malta Gas Board is planning to finance out of its resources an investment programme of £535,000 over the Third Plan period.

8.22 Constant renovation of plant and accessories is essential in a service which operates round the clock throughout the year and provision is therefore being made for the purchase of additional plant and equipment for the Gas Works at Marsa and for the replacement of faulty gas mains. During the Plan it is also proposed to increase the storage capacity of town gas by erecting two additional gas holders each with a capacity of 750,000 cubic feet.

8.23 Apart from the usual provision for the purchase of bottled gas cylinders, five additional storage tanks for liquid gas, each with a capacity of 50 metric tons, will be erected in the course of the Plan. These tanks will increase the total storage capacity of liquid petroleum gas to 750 metric tons. Funds are also being made available for the purchase of motorized road bowsers. These will be used to convey liquid gas in bulk for pumping into small site storage tanks of about 10 tons installed in hotels, flats, and catering establishments outside the town gas network.

## TRANSPORT

8.24 Transport, taken here to cover air, sea and road facilities, is a strategic factor in the process of economic growth and coherent planning requires that the infrastructure of transport should not be allowed to place constraints on the pace of development. In the Third Five Year Plan, therefore, a total of £10.4 million is allocated to the three main transport heads. The total expenditure on transport is split into the following sub-totals: Roads £4.5 million, Ports £3.2 million and Airport £2.7 million.

## ROADS

8.25 The stated aim of the two previous Plans was to build an efficient system of communications adapted to the progressive development of the economy, with the emphasis placed on road networks serving the needs of industry and tourism as well as other sectors of development. This policy necessitated the implementation of a number of major schemes which, because of their size, could not be completed within one quinquennium. The major part of the total provision for Roads under the Third Five Year Plan is therefore devoted to the continuation of major projects already in progress among which are the Sliema Regional Road, the Hamrun Bypass, the Panoramic Road and the Mellieha Ghadira Bypass. Of the total plan allocation for Roads, £1.74 million has been earmarked for these four major projects.

8.26 The Sliema Regional Road, the construction of which started in 1961, was designed to relieve traffic congestion in the built-up residential areas of Gżira and Sliema and to provide an efficient access to the new University, to the expanding industrial estate at San Ġwann, to the new villa development at The Gardens and to considerable hotel development at Spinola, Dragonara and St George's Bay. When completed the entire road from Msida to St. Andrews will be about 2 miles long. The 1¼ mile stretch between Msida and B'Kara Road (in St Julian's) has now been in limited use for some time while the remaining northern part is fast nearing completion. This latter part of the Road involves the construction of two bridges, one over B'Kara Road and the other across Wied Ghomor, and a 1,000 ft. long twin tunnel under Ta' Giorni Fort. These three sizeable contracts, all well under way, should be completed in the first half of 1971, and it should be possible to have the entire road opened to traffic the following year. The total plan allocation is £615,000.

8.27 At present traffic passing between the St. Julian's, Gżira and B'Kara areas on the one hand, and the Marsa Port area and Luqa Airport on the other has to converge on the Valletta peninsula as far as Portes des Bombes. This traffic increases the density on the Marsa Cross Road and the Pietà/Msida Road, the main routes into Valletta, and causes much congestion. The aim of the Hamrun Bypass is to effect a direct link between the Msida end of the Sliema Regional Road and Marsa, skirting Hamrun. By 1970/71 it is expected that the mile-long stretch between the Marsa end and Cannon Road, which includes the construction of a Flyover at the Qormi Road intersection, will be completed. The remaining stretch, which will link the Cannon Road junction to the Msida end of the Sliema Regional Road, should be virtually completed by 1974. The costliest part of the entire road, which will take up a substantial part of the total Plan provision of

£500,000 is the construction of a bridge across Msida Valley. Consultants are engaged on the drawing up of the necessary plans and specifications.

8.28 The Panoramic Road will, when completed, run along the entire south west coast of the Island (a distance of about 16 miles) where there are a number of picturesque sites and places of historic interest which are a potential source of attraction to tourists. The project will also be an asset to the tourist drive in that it will link places of archeological interest with the north west region. This is of course a long term project and will not be completed during this Plan period. With the Plan allocation of £366,000, it is however intended to complete the Zurrieq/Dingli Cliff stretch — a distance of roughly 6 miles — together with about 2 miles at the Ghajn Tuffieha end by 1974.

8.29 The Ghadira/Mellieha Road which will eventually link Selmun with Marfa by-passing the village of Mellieha is a major scheme involving the construction of a number of bridges. The purpose of the road is to open up more effectively the 'tourist' parts of the North West region. The fact that Ghadira beach, which is possibly one of the finest in Malta, is cut into two by the present road inhibits further development in this area. The new road will enable such development to take place while at the same time eliminating a very dangerous section of the present access road to Ghadira Bay. The road, which has been under construction since 1965, is expected to cost a further £257,000 over the Plan period.

8.30 Of the total plan allocation of £4.5 million for roads in Malta and Gozo, 38 per cent (£1.74 million) has been reserved for the continuation of these major projects. The balance of £2.76 million has been allocated as stated in the following paragraphs.

8.31 The largest new project under 'Roads' in Malta, which is scheduled to start during this Plan period, is the Siggiewi Approach Road. At present, in order to reach Siggiewi, one has to pass through a number of narrow, winding, roads. In order to eliminate these hazards it has been decided to continue the construction of a new approach road, some work on which had been undertaken in the 1950s. The project, for which a Plan allocation of £450,000 has been made, involves the construction of a large bridge for the planning of which a firm of consultants has already been engaged. The Siggiewi project will eventually link with the Panoramic Road.

8.32 A total of £122,000 has been set aside for the widening and realignment of Tal-Balal Road and for the improvement of the Sliema/Naxxar/Burmarrad Road. The former scheme will involve the widening of about 8,000 ft. of road between San Gwann and Naxxar and is considered necessary in view of the considerable increase in the volume of heavy traffic, which is mainly the result of the substantial industrial development at San Gwann. Works on the latter scheme will be mainly concentrated on the hill known as "Tal-Kirxa" at the St. Julians end and on the northern part of the road between the Wied il-Ghasel Pumping Station and Burmarrad.

8.33 A substantial allocation, £530,000, has again been set aside for the resurfacing of roads in Malta. With this allocation it is expected that the total length of roads surfaced with 'bitmac' — at present about 53 miles — will be more than doubled by the end of the Plan period. This is an essential element in the general improvement of the Island's road network. Priority will be given to bus routes and to roads leading to areas affected by development projects.

8.34 A total of £600,000 is earmarked for various road improvements as required. This amount provides for the carrying out of major and minor improvements in the traffic system, the purchase of traffic signs and other road safety equipment, and the replanning of certain areas in order to improve the flow of traffic and eliminate danger to traffic and pedestrians. Studies will be initiated on a projected by-pass for the St. Paul's Bay area. Any preliminary expenses which may be incurred during the Plan period on this item will be charged to this provision.

8.35 The balance of £225,000 for Malta will go towards land acquisition costs for the B'Kara Bypass, purchase of machinery and vehicles, payment of outstanding acquisitions, improvement of the approaches to B'Kara Parish church and other works at Kingsgate Access, Blata l-Bajda Flyover and Kingsgate Square.

8.36 The tempo of development in the Island of Gozo is steadily increasing and a number of tourist schemes are already projected there. The proposed major development of Mgarr Harbour and the setting up of an industrial estate are also expected to contribute significantly to Gozo's economic development. It is essential therefore that the systematic improvement of the Island's road network should keep abreast of the general development. The provision of £840,000 for Gozo includes £260,000 for the resurfacing of roads, £70,000 for the construction of a Panoramic Road from Wied il-Ghasri to Dwejra and £110,000 for another Panoramic Road from Marsalforn to Dwejra. The remaining £400,000 has been earmarked for the widening and improvement of a number of other roads, which lead to some of Gozo's most picturesque beaches, and for other minor improvements.

## PORTS

8.37 Malta's three fine harbours — Grand Harbour, Marsamxett and Marsaxlokk Bay — constitute one of her major natural assets and their proper exploitation is a vital factor in the development of communications and ship servicing. The economic function of the harbours of Malta has changed radically over the past few years. From being mainly bases for naval vessels the harbours have become commercial complexes. The Grand Harbour handles general cargo, passenger and cruise vessels and is the 'home' of the Drydocks; Marsamxett Harbour has been assigned the role of a major, integrated, yacht marina. Marsaxlokk Bay as well as St. Paul's Bay are locations for the landing and storage of bulk fuels and gas, which activity is on the increase as a result of the new demands of transport and industry.

8.38 Besides the change in the type of traffic handled the ports have experienced a substantial increase in the volume of traffic. The number of ships visiting Malta increased from just under 2,300 in 1964 to slightly less than 3,500 in 1969. Total cargo unloaded went up from 0.6 million tons in 1964 to almost one million in 1969. Passenger throughput more than doubled during the same period from under 19,000 to almost 40,000. In addition to the changes affecting Malta's strategic naval position, Malta is being increasingly affected by the introduction of new methods of transportation, containerisation in particular. Malta's position in the centre of the Mediterranean makes it imperative for the Government to keep abreast of the new techniques introduced in other ports of the Mediterranean littoral. With this end in view and in order to develop the potential of the Grand Harbour in the changing economic circumstances in which Malta now finds herself the services of consultants have been enlisted.

8.39 In 1969, the Government appointed Messrs. G. Maunsell and Partners and Messrs. Metra to advise on the future development of the Grand Harbour and to draw up a Master Plan for the modernisation and expansion of cargo handling and other facilities. A study of Malta's potential as a transit cargo centre is also being carried out and indications are that the prospects are good. The Consultants have carried out several surveys, and have submitted interim reports on the basis of which a decision on the projects to be embarked upon during the current quinquennium has been taken.

8.40 The two main schemes in the Grand Harbour area are the construction of a car-ferry terminal and the extension of the existing deep water quay. The Ferry Terminal will be sited at Shipwrights Wharf and will entail the construction of a pile reinforced concrete jetty, a two storey terminal building and a container unpacking shed. An overhead passenger walkway will be provided to connect the terminal building with the passenger decks of the ferries. The scheme will provide facilities to handle stern and bow loading ferries. It will also meet the demand for adequate facilities for roll-on/roll-off cargo traffic. With a rail mounted crane, container ships could also be accommodated thus increasing the utilisation of the facility. The Deep Water Quay project envisages a 400 foot extension of the existing quay in an eastward direction. The new quay would be a multi-purpose berth capable of handling general cargo, heavy lifts and roll-on/roll-off trailers as well as lift-on lift-off containers. Cruise and other passenger liners will also be accommodated. The scheme also includes a transit shed. As the project is an extension of the existing quay, the whole complex would contribute to better integrated cargo handling operations, and should lead to more efficient supervision. The project which is scheduled to be completed in 1972 will bring the total length of the deep water quay to around 2,000 feet and will provide berths for five ships of up to 350 feet in length.

8.41 The Plan also makes provision for the completion of Coal Wharf Quay which will, when ready, be over 1,100 feet long. Funds are also being provided for widening and extending Jetties Wharf — estimated at £100,000 — and for the development of Bonded Stores Wharf; the latter works, estimated at £125,000, will entail the realignment of the quay and the construction of a shed.

8.42 Legislation for the setting up of a Port Authority has been prepared. Among the responsibilities which the draft legislation proposes to pass over to the Authority will be the safety of ships, the proper care of passengers and cargo on the port premises, the maintenance and regulation of the use of ports, the provision of pilotage and other navigational services and aids, and the responsibility for collection of dues and charges on vessels and goods other than customs duties.

8.43 Government has for some time been examining the possibility of developing Manoel Island, and the surrounding waters of Marsamxett Harbour, into an integrated Yachting Centre with ancillary tourist and residential development amenities. The attractions and potential of Marsamxett Harbour as a major central Mediterranean yacht haven were favourably reported on by a United Nations expert (Mr. Holst) in 1963. Thereafter marina development — limited in scope — was commenced on Government account at Ta' Xbiex foreshore and along the Manoel Island end of Lazaretto Creek, as well as along the Ta' Xbiex side of Msida waters. With these facilities now completed capacity has been created for safe winter berthing for around 350 yachts, sufficient to cater for demand in the immediate future. But as Malta's attractions become more widely recognised in the yachting

world, and its facilities more widely appreciated, it is expected that a much larger influx of yachts will build up.

8.44 The Government has considered how best to cater for the anticipated increase in demand for Marina facilities. A marina complex alone can never be a viable business since the capital expense of creating the amenities, and related infrastructure, for a much larger number of yachts will inevitably be too high to enable commercial recouping in the ordinary course. On the other hand development of Manoel Island can be a money making proposition. It has therefore seemed logical to the Government that development of Marsamxett Harbour should be coupled with development of Manoel Island in one scheme, with the credits of one activity supporting the debits of the other. A company has accordingly been formed by Government in association with certain private interests, with Government owning 51% of the equity capital to develop Marsamxett Harbour and Manoel Island. An investment of the order of some £8 million is involved, and the ultimate objective is a protected yachting harbour at Marsamxett with facilities for up to 1,500 yachts. The Marina facilities will be supplemented by residential, club and other amenities to be provided on Manoel Island. The development will start late in 1970 and is phased to take place over a period of seven years. The financing of the project will not entail any calls on the Government's capital budget.

8.45 Virtually all trade between Malta and Gozo goes through Mgarr Harbour which affords protection and berthing facilities for the Malta-Gozo ferry and is a base for numerous small trading vessels and fishing boats. The present harbour breakwater was constructed in 1930 and extended in 1932. However, when the South-West wind is blowing, the harbour is rendered inoperative, sometimes for several days. Furthermore, the limited space available is insufficient to cope efficiently with the present volume of traffic. Improvement of the harbour is essential to supplement the other developments taking place in Gozo. The introduction of light industry requires both an improved transport system and good communications as well as ample berthing facilities for the larger type of cargo ferry. Tourists must be certain of passage to and from the sister Island, and the fear of being stranded in Gozo must be removed before any significant expansion in tourist traffic can be expected.

8.46 Government has embarked on a scheme which will provide all-weather protection for vessels using the harbour. The project envisages the construction of two rubble mound breakwaters on either side of the existing bay in such a manner as to increase the area of protected water very substantially. Improvements are also to be carried out at the existing quay, where the berthing space is being increased very appreciably. A contract worth £1.2 million has been awarded to Messrs. Socomar and works have already started. Provision is being made in the Plan to cover the full cost of the project.

## CIVIL AVIATION

8.47 The expansion of the tourist sector will 'inter alia' require the modernisation of Malta's Civil Airport. The Island has regular communications with the United Kingdom, Italy and Libya. The plans for the future, which forecast a flow of tourists of over a quarter of a million by the end of the Third Plan period, should induce increased traffic by regular airlines and chartered visits to Malta. The traffic

of the future is anticipated to require a larger air terminal complex to expedite passenger flows as well as a longer runway to cater for the larger type of aircraft. There is a danger that if Malta does not equip itself to take the larger aircraft it may find itself bypassed by the main streams of holiday traffic.

8.48 Government is considering the feasibility of extending one of the runways to the length required by international standards, and of providing a new air terminal. The Government of the Republic of Italy has made available the services of an airport engineer to prepare the design of the runways and of the new terminal complex; the studies are now well advanced. Tentatively, the Plan includes a figure of £2 million for the runway and £600,000 for the new terminal building. These amounts do not represent the total cost of the project but only estimates of payments likely to fall due within the current Plan period.

8.49 To ensure safety of planes and passengers during the approach phases of flight, airlines are making greater use of instrument landing systems at international airports. Even though visibility in Malta is good practically all the year round it has been decided to equip Malta's airport with an instrument landing system to bring the Airport in line with other international airports. The allocation in the Plan (£60,000) does not cover the total cost but represents merely the estimated cost of infrastructural works to be carried out in anticipation of the installation of the equipment in 1974/75. Funds are also being provided for the purchase of a teletypewriter circuit to satisfy ICAO requirements for the European Mediterranean Region.

## TELEPHONES

8.50 The telephone network has been built up very substantially over the period of the second plan. The number of subscribers increased from 13,600 lines in March, 1964 to around 20,300 lines at the end of March, 1969 — an increase of some 50 per cent. The significance of this increase in telephone service is particularly marked when one considers that the average number of telephones in Malta in March, 1969 was 10.4 per 100 persons which was in line with the European average. This altogether satisfactory position was only marred by the fact that there were some 5,400 would-be subscribers still without service.

8.51 The capacity of the various existing exchanges at the beginning of the second plan (1964) was just under 15,000 lines, of which 14,000 were automatic. The anticipation at the time was that demand would build up at the rate of 7 per cent per annum. To meet this demand, to provide for some 2,000 applicants on the waiting list and to leave some margin as spare capacity, the second plan contemplated the provision of 8,700 additional exchange lines. As things turned out this was not quite enough. While new demand in the early years was more or less as expected, it shot up very rapidly over the second half of the plan to a rate of over 2,500 new applications per annum. This was more than the planned creation of new capacity could take. Government reacted to the situation by placing orders for an additional 7,800 exchange lines, but the time it takes to get delivery of equipment on order has meant that none of these additional lines were available before the early phases of the Third Plan.

8.52 The position at the end of the second plan is summarised in Table 8.1. This table shows (a) the capacity of the several exchanges in 1964, with the number

of working lines in each exchange; (b) the additional capacity provided in each exchange during the plan, with the number of working lines actually installed by the end of the plan in 1969; (c) the additional capacity on order; and (d) the waiting list in 1969 for each exchange. The position as on 31st March, 1970 is as indicated in Table 8.2. It may appear odd on the surface that there should have been as many as 4,600 unutilised exchange lines in March, 1970, when there was a waiting list as high as 8,800 applicants. The explanation for this is twofold: (a) some of the exchange capacity had only recently been installed and there was not sufficient time to put it all to subscriber use; (b) a limiting factor in particular exchange zones is the cable capacity, and some situations have arisen where the cable capacity cannot take the full load which the exchange is equipped to take. These constraints are being corrected.

## Telephone Exchange Capacity 1964 — 1969

Table 8.1

| Exchange | 1964 | | Second Plan | | Additional Exchange capacity on order at end of Plan | Waiting list March, 1969 |
|---|---|---|---|---|---|---|
| | Capacity | Working Lines | Additional Capacity installed | Working lines at end of Plan | | |
| Central (A) ... ... | 7,000 | 6,718 | 3,000 | 7,900 | — | 2,000 |
| Sliema (A) ... ... | 5,000 | 4,618 | 2,000 | 6,760 | 3,000 | 1,030 |
| St Paul's (A) ... ... | 500 | 422 | 400 | 760 | 100 | 560 |
| Rabat (A) ... ... | 600 | 455 | 200 | 720 | 200 | 100 |
| B'Bugia (A) ... ... | 200 | 145 | 100 | 310 | 300 | 50 |
| Gozo (A) ... ... | 600 | 407 | — | 540 | 400 | 160 |
| Valletta (M) ... ... | 520 * | 514 | — | — | — | — |
| Marsa (M) ... ... | 500 * | 345 | — | 970 | — | — |
| B'Kara (A) ... ... | — | — | 3,000 | 2,300 | 3,000 | 1,500 |
| Mobile Exchanges ... | — | — | — | — | 800 | — |
| | 14,920 | 13,624 | 8,700 | 20,260 | 7,800 | 5,400 |

* Withdrawn during Plan period.

(A) Automatic.

(M) Manual.

**Telephone Demand/ Supply Position 31.3.70**

Table 8.2

| | Exchange Capacity | Working Lines | Waiting Applicants |
|---|---|---|---|
| Central ... ... ... ... | 10,000 | 9,262 | 1,651 |
| Sliema ... ... ... ... | 8,000 | 7,553 | 1,525 |
| St Paul's ... ... ... ... | 900 | 842 | 1,016 |
| Rabat ... ... ... ... | 800 | 767 | 159 |
| B'Bugia ... ... ... ... | 400 | 352 | 242 |
| B'Kara ... ... ... ... | 6,000 | 2,988 | 2,222 |
| Zejtun ... ... ... ... | — | — | 1,762 |
| Marsa Manual ... ... ... | 400 | 158 | — |
| | 26,500 | 21,922 | 8,577 |
| Gozo ... ... ... ... | 600 | 582 | 287 |
| | 27,100 | 22,504 | 8,864 |

8.53 The current Plan is based on an anticipated yearly cumulative rate of growth of 14.5 per cent per annum and it is estimated that demand will rise to about 51,000 by March, 1974. In addition to the exchange equipment already on order (7,800 lines) in April, 1969, provision has been made for a further 20,000 lines: 5,000 on each of the new exchanges at Marsa (Marsa II) and Sliema (Sliema II), and 6,000, 2,000 and 2,000 lines on the new exchanges at Zejtun, B'Kara II and Gozo (Gozo II) respectively. By the end of the Plan period this will mean an installed capacity of about 48,000 automatic exchange lines, with a further 3,700 lines available, on the manual exchanges. There will also be another 1,600 lines in mobile exchange equipment to supplement the static exchange capacity and to give the system as a whole a measure of exchange flexibility. The expected supply position on the various exchanges by 1974 is given in Table 8.3.

8.54 The strategy being followed is to build up a national network based on ten inter-related exchanges — Central, Marsa II, Sliema I, SliemaII, B'Kara I, B'Kara II, St. Paul's Bay, Zejtun, Siggiewi(1) and Gozo II. Central and Sliema I each with 10,000 lines and Gozo II (2,000 lines) will have been developed to capacity by 1974. Zejtun, Marsa II, Sliema II and B'Kara II will also be 10,000 line exchanges eventually, but over the Third Plan they will be developed to an initial capacity of 6,000, 5,000, 5,000 and 2,000 lines respectively. The St. Paul's Bay (replacing the present small exchange) and Siggiewi exchanges will also be automatic exchanges of an eventual capacity of 7,000 to 10,000 lines. Although no exchange equipment will be ordered for these two exchanges within the currency of this Plan, service in the respective areas will be maintained: by way of Mobile Exchanges in the case of St. Paul's Bay and by temporary use of manual equipment on the Siggiewi circuit.

8.55 The second plan has seen a very marked improvement in the capacity of the overseas telephone service. As against two cable lines to Rome and one to Catania back in 1964 there are now no less than nine cable trunk lines to London(2),

(1) Siggiewi — to be installed after 1974 — will absorb the Rabat exchange.

(2) The cable service is supplemented by a radio link to London.

six to Rome, one to Catania, one to Palermo, two to Milano and one line to Libya. Plans have also been finalised to establish a radio link with Sicily. This will have an initial capacity of 180 channels with capacity for exparsion up to 960 channels. When the new link is in operation, within the next two years, a semi-automatic service and, eventually, a full automatic service will be established with Italy and through Italy to the mainland of Europe and the United Kingdom. The project is costed at £604,000 and will be financed by an interest free loan, repayable over fifteen years, being made available by the Italian Government in terms of an agreement recently negotiated.(1)

**Forecasts of Installed Exchange Capacity — 1974**

Table 8.3

| Exchange | Installed Capacity: 1974 |
|---|---|
| Central (A) | 10,000 |
| Marsa II (A) | 5,000 |
| Sliema (A) | 10,000 |
| Sliema II (A) | 5,000 |
| St Paul's (A) | 1,000 |
| Mobile Exchanges | 1,600 |
| Rabat (A) | 1,000 |
| B'Bugia (A) | (absorbed by Żejtun exchange) |
| Gozo (A) | (absorbed by Gozo II exchange) |
| Gozo II (A) | 2,000 |
| B'Kara (A) | 6,000 |
| B'Kara II (A) | 2,000 |
| Żejtun (A) | 6,000 |
| Gżira (M) | 1,500 |
| Valletta (M) | 1,000 |
| Siġġiewi (M) | 1,200 |
| | 53,300 |

8.56 The total investment on telephone projects during the next five years will amount to £4.86 million, of which £.95 are being provided under the head of Tourism — Servicing of Resort Sites.

## SEWERS

8.57 To keep pace with the housing development taking place in the various towns and villages in Malta and Gozo a substantial programme of sewerage extensions estimated at just over £1.6 million is being launched in this five year period. Of this amount, £1.145 million is being earmarked for extensions in Malta, slightly over £340,000 for Gozo and £130,000 to meet the Government's contribution in respect of the Wastes Disposal and Water Supply scheme being carried out jointly with the World Health Organization.

(1) Part of the burden of repayment of this loan will be met by a subscription, towards the capital costs of the project, from Cable and Wireless Ltd. The exact amount of this subscription is still a matter for negotiation.

(A) Automatic.

(M) Manual.

8.58 Most of the extensions will take place in areas already tackled in previous years. This has been rendered necessary by the development taking place in the peripheral regions of these towns and villages. Furthermore, the tourist potential in other areas, notably the Marsaxlokk / Marsascala, the St. Paul's Bay and the Bahar ic-Caghaq / St. Andrews areas, makes it necessary to do away with the existing system of cesspits with its attendant health hazards, and to replace this by a water-borne sewerage system. Funds are accordingly being released for the laying of street and interceptor mains in these areas.

8.59 The programme of sewerage extensions in Gozo is being continued so that Gozo too will be served with an adequate drainage system. The Plan contemplates the extension of street sewers, the laying of interceptor mains and the building of ejector stations in various localities. Just over £340,000 is being made available for this purpose for the current five year period.

8.60 The Wastes Disposal and Water Supply pilot project is now nearing the end. Commenced in January, 1968, the study was carried out in two phases. The first phase, completed in the first year, consisted of a fact finding exercise to ascertain existing conditions in regard to the water supply and wastes disposal systems in Malta and Gozo. The second phase, now in its second year, provides for further engineering studies as well as the implementation of certain measures found necessary in the course of the first stage of the study. The studies should terminate early in 1971 with the submission of a Master Plan which will regulate the strategy of further development of the sewage disposal and water supply networks. The Plan will include recommendations on resources and supply of water; collection, disposal and reclamation of refuse; collection, disposal and utilisation of sewage; legal and financial and managerial aspects of these systems together with costing of recommendations and working schedules of the proposed schemes. As the implementation of the schemes would depend on the outcome of the pilot project, which is uncertain, no specific provision is being made for funds for the main project in the Plan. The amount inserted in the Plan is estimated to meet requirements in respect of the pilot scheme, but it does include a small 'token' element in respect of the main project which will be adjusted, as the Plan unfolds, if decisions are taken regarding the Master Plan which involve larger financial resources.

## (B) Productive Sector

### INDUSTRIAL DEVELOPMENT

8.61 The result of Malta's development effort to date in the industrial sector has been encouraging. Employment in aided industries, which stood at 2,367 in 1964 went up to 7,930 by the end of 1969. Total sales by these industries shot up from £3.31 million in 1964 to £14.92 million in 1969, while exports rose from £2.43 million to £10.94 million over the same period.

8.62 The Third Plan envisages continued expansion of manufacturing industry. The employment target set for aided industry is 13.5 thousand jobs by 1973. Some of the additional jobs will of course arise in existing or already approved projects but, bearing in mind that some projects will not get off the ground, and that others will not come up to expectations or might even fail altogether, it is evident that it will still be necessary to encourage the initiation of fresh projects on a large scale in order to meet this target.

8.63 The development of aided industry is necessarily the result of concerted effort. Industries are set up on private initiative, and with private capital but Government contributes to — and stimulates — such initiative by providing aids of various sorts; aids which go towards improving prospects of viability and which, by judicious application, help to direct industrial endeavour into those channels and areas of activity which are considered best suited to Malta's circumstances. Aids tend to take three forms: financial aid in the way of grant or loan assistance; fiscal privileges in the way of tax and duty concessions; and industrial (factory) premises at rates of rental far below what the ordinary criteria of the property investment would justify. The Government s aid policy in the financial and fiscal sphere is flexible and will be tailored to the particular requirements of particular situations and times, within the framework of a long term policy perspective. The subject of industrial development policy is dealt with more extensively in Chapter 6. Financial aid of course entails heavy calls on the Government's coffers and it is expected that money grants and loans in the course of the Plan will require a provision of the order of £3 million, to meet both outstanding and newly created commitments. The value of fiscal concessions is not quantifiable and, since it does not entail actual disbursements of money by Government, aid given in this form does not figure in Plan outlays. Clearly however it is a very valuable, additional, resource provided for the benefit of industry at Government's expense. Both financial and fiscal aids are administered by the Development Corporation on Government's account.

8.64 The Government's factory building programme is vital to the build up of manufacturing industry: (a) because it provides factory accommodation ahead of actual demand, so that newly established industries can in effect virtually walk into ready made premises as soon as they are ready to start; (b) because the terms of rental are invariably so heavily subsidised as to provide a valuable saving in overhead costs to the user. At the end of 1969 there were 29 factories in occupation at the Marsa Industrial Estate, 15 at San Gwann, 8 at Mriehel and one at Mosta with a total floor area of just over 1.4 million square feet. In addition a further 260,000 sq. ft. were available in 20 temporary premises. Furthermore, there were no less than 18 additional units — with an area of 450,000 sq ft. — under construction at the Msierah and Marsa estates. Another major factory building effort is now under way on what has come to be known as the Bulebel Estate. The first phase of this project comprises 42 factory units with a total floor area of slightly less than half a million square feet. All these units are expected to be completed round about the end of 1971. Funds are being provided in the Plan to enable a start to be made on the second phase at the Bulebel Industrial Estate as well as for the five-unit complex at Gozo Industrial Estate which will provide some 100,000 sq. ft. of factory space when it will be completed in 1970. In all, no less than £5.25 million are being made available to meet disbursements on factory construction during the current Plan.

8.65 The Government's "direct" aid programme — via its financial aid fiscal aids and factory programmes — will be supplemented by the initiatives which the Development Corporation will be taking in the exercise of its development banking role. The Corporation will be generating its own income from its commercial operations: this income however is not expected to suffice to cover all administrative expenditure. Government has therefore undertaken to meet the Corporation's budgetary deficit within predetermined limits for a period of five years. The amount required for this purpose is expected to be around £337,000.

8.66 The aids being made available in one form or another, together with the ambitious factory construction programme proposed for the next five years, should provide sufficient incentives for the desired development to take place in this sector. It is however important to emphasise that the mere provision of funds and factories will not of themselves produce the desired results. Private capital must respond to these inducements. Efforts will continue to be made to attract foreign entrepreneurs, who can bring with them both capital and know-how, but it is hoped that local entrepreneurs will play a more active part in the development of their own country than hitherto.

## TOURISM

8.67 The large multiplier effect of tourism continues to make this sector a rewarding avenue for investment and a main element in Government's policy of development through diversification. As already stated in Chapter 4 the contribution of tourism to employment has been very considerable: its contribution to the balance of payments has been no less substantial. Gross tourist expenditure has risen from just under £1.5 million in 1964 to around £8 million in 1968. Although this does not represent a net gain in foreign exchange, because of the import content of tourist expenditure, it nevertheless gives an indication of the extent of the contribution of tourism towards the balance of payments.

8.68 Hotel accommodation in Malta and Gozo has more than trebled since 1964. There were no less than 7,560 beds available at the end of 1969 of which around 4,000 were in hotels assisted by the Government. In addition a large number of holiday villas and other private apartments have been put at the disposal of tourists. These facilities go to supplement the already substantial range of hotel accommodation now available. As far as reception facilities go, the build-up of bed capacity has kept pace with the increase in the number of tourists. Progress in the creation of other component elements of travel plant, such as restaurants, places of entertainment, hair dressing salons, hire service garages, etc., has also been equally substantial though not perhaps as obviously spectacular as the rapid increase in total hotel capacity.

8.69 So far, Malta has relied mainly on the United Kingdom for its 'supply' of tourists. Since 1959, British tourists have been accounting for more than three-fifths of total arrivals. In 1967, 1968 and 1969 the inflow from Britain was just over three-fourths of the total. Even so Malta has managed to attract a relatively insignificant proportion of the total United Kingdom tourist potential. There is definite scope for an intensification of the advertising campaign in Britain, the more so now that restrictions on travel expenditure outside the sterling area have beeen lifted. During the Third Plan, efforts will be made not only to increase the present flow of visitors from the United Kingdom but also to reduce undue dependence on the United Kingdom market by attracting more tourists from other countries.

8.70 Over the last three years the tendency has been for some two thirds of the total annual flow of tourists to come to Malta between April and September. Considering the mild climate and the long hours of sunshine during the winter months, efforts are being intensified to even out the flow by getting more tourists

during the months of October to March. There is a massive movement from North European countries to the Mediterranean during this time of the year and, given an intensive campaign and good air connections, a part of this movement could be diverted to Malta. The promotional campaign in the current Plan will therefore give particular coverage to Scandinavia, Germany and Italy as well as Britain. A sum of just over £900,000 is being put at the disposal of the Tourist Board for advertising, publicity and promotion expenditure.

8.71 The pace of creation of new hotel accommodation is directly related to the expectation of future business in the hotel trade: investors will not put their money into hotels unless they expect guests to occupy them in sufficiently large numbers to enable the hotels to pay their way. The question of 'occupancy' is crucial to the whole question of the hotel build-up. There is now some spare capacity in the supply of beds: and hoteliers will no doubt take this into account in making their plans for future building. There are several factors which have to be taken into account in assessing the likely demand for hotel beds. The first consideration is the seasonal variation in the flow of tourists. It has been noted that twice as many tourists come to Malta during the summer half of the year (April to September) as during the winter half. Moreover even during the summer months the flow is far from even. August — the peak month — has attracted no less than one seventh of the total arrivals in an average year. On the other hand, not all the tourists coming to Malta stay in hotels. In 1967, for example, it is estimated that only 60% of the total visitors stayed in hotels, while in 1968 some 66% availed themselves of such accommodation. Recently, there has been a greater tendency for tourists to stay away from hotels.

8.72 There were 7,560 beds in hotels at the end of 1969. When all currently approved projects come into operation before the end of 1972, total bed capacity should be around 10,500. This supply would be quite enough to cope with the anticipated inflow of tourists by 1973 if the flow of tourists were to be reasonably evenly spread. Efforts are being made, as stated, to bring about this evening effect, but there is always likely to be a certain amount of seasonal imbalance, and planned creation of total capacity must allow for such an imbalance.

8.73 The indications are that 1970 will be a less fruitful year for tourism than previous years and the latest forecast of tourists arrivals puts the figure for this year at around the same level as that for 1969 or maybe slightly lower. The estimates forecast some 210,000 arrivals for 1971 going up to something over 250,000 in 1973. It is of course very difficult to say what percentage of the expected tourist arrivals will seek accommodation in hotels. This will obviously depend, if on nothing else, on the price differential between accommodation in holiday flats and in hotels. Price levels have been working in favour of 'non hotel' accommodation recently but this is not an immutable situation and a more competitive approach by hotels to the challenge of attracting visitors could well lead to more tourists patronising their facilities than hitherto.

8.74 On the assumption that hotel occupancy will improve, and on the further assumption that some seasonal peaking is inevitable, a bed supply of 10,500 may not be enough to meet the peak demand in 1973. To ensure an adequate supply of accommodation in hotels the target of beds for 1973 has been set at 11,500. It is recognised however that this figure may have to be reviewed if changed circumstances so warrant.

8.75 As in previous plans, funds are being released during this Plan period for assistance to hotels. The bulk of the funds will go towards meeting commitments on projects already approved. Funds are also being made available for assistance to existing hotels, so that these hotels too will be brought up to standard. Total payments during the Plan period are estimated at slightly less than £2 million.

8.76 In addition just over £1.4 million is being provided to cover the cost of laying municipal services — roads, water, electricity, sewers, telephones etc. — in areas undergoing touristic development. Slightly over £200,000 are being provided to improve beaches. Improvements will include levelling of rock to provide flat areas for sunbathing and picknicking, the provision of better access to the sea, children's pools and other development of the foreshore.

## AGRICULTURE

8.77 It is essential that agriculture should be efficient and prosperous even if it gives full time employment to only a small proportion of the population. Its importance lies in its two-fold contribution to the balance of payments: one, by earning foreign currency from exports and, two, by saving foreign currency by keeping the import bill as low as possible. Agriculture will continue to provide a small but important part of export earnings, though, if the export of manufactured goods continues to grow as expected, the proportion of agricultural exports to the total may decrease. On the other hand, the earnings from the sale of services and from tourism will be largely lost if the import bill for food is not kept as low as possible.

8.78 Apart from economic factors, agricultural policy is also determined by geography. The small area and rocky formation of the Maltese Islands severely limit the amount of cultivable land. The land is further divided by stone walls which not only serve as boundary marks but are essential to prevent soil erosion during heavy storms in the winter and to act as protection from high winds. Large scale farming is not an economic possibility due to the small size of the holdings and the plots, often at different levels and not necessarily contiguous, within the holdings.

8.79 It is natural, therefore, that over the last few years there should have been increasing emphasis on those methods of agriculture in which viable units require small amounts of land. Future policy must be to accelerate this trend to intensified agriculture. New methods of production of crops will require, in particular, the introduction of higher-yielding varieties, the greater use of irrigation and of non-agricultural jobs. On the other hand the number of part-tme farmers may greater use of balanced food and better accommodation will be required. Only thus can the returns to the farmers be raised so that their incomes are comparable with those in other occupations.

8.80 The increasing use of modern methods will result in fewer full-time farmers but with higher incomes. Ultimately, their numbers may become progressively smaller but this decline in jobs in farming would be offset by the creation of non agricultural jobs. On the other hand the number of part-time farmers may increase above the present level. Greater use of machinery and automatic devices such as those for the control of watering will often shorten the working time

required. An increasing number of people will then find that they can combine farming with other non-agricultural employment. These trends have been the common experience of all European countries. Even in Sweden, where there is no shortage of good land, one-third of the farmers are part-time.(1) In this changing agricultural structure both full-time and part-time farming will require not only greater skills but also heavier investment than hitherto. Agricultural production will be largely directed to meeting the local demand for food. The demand will come mostly from the resident population which is expected to fall slightly over the next five years. In addition there will be the tourist traffic which is expected to increase greatly.

8.81 The impact of tourism on agriculture must not be exaggerated. If it is assumed that a tourist stays for an average of 12 days, 30 tourists are approximately equivalent to one resident for a year. The numbers of resident population, including non-Maltese settlers and Service dependants, together with the number of tourists expressed as resident-equivalents are estimated at Table 8.4.

**Tourists expressed as Resident Equivalents**

Table 8.4

| Year | Estimated resident population | Estimated number of tourist expressed as resident-equivalents | Total |
|---|---|---|---|
| | '000 | '000 | '000 |
| 1968 | 318 | 4 | 322 |
| 1969 | 322 | 6 | 328 |
| 1970 | 321 | 6 | 327 |
| 1971 | 320 | 7 | 327 |
| 1972 | 319 | 8 | 327 |
| 1973 | 319 | 8 | 327 |
| 1974 | 318 | 9 | 327 |

8.82 The average annual number to be fed is remarkably stable. The problem of providing adequate food is therefore relatively straightforward and manageable. The difficulties arise from the increasing demand for higher quality food, in particular, protein-rich foods, resulting from the combined effects of the rising standards of living of the Maltese people and of the increasing number of tourists. The influx of tourists will also accentuate the seasonal demand for food in the summer months. It would be physically impossible as well as economically unsound to attempt to produce locally all Malta's food requirements. Production will naturally be concentrated on the more profitable lines, the most obvious of which are small livestock and perishable fruit and vegetables. The latter enjoy a particularly high degree of protection from overseas competition because of the need for careful handling and therefore of expensive transport.

(1) Brief Review of Trends and Tendencies in European Agriculture. F.A.O. European Regional Conference Document 68/4 Malta, 1968.

8.83 Production for the highly competitive export market is more difficult because of the cost of transport to lucrative markets. Where transport difficulties can be overcome it is a matter of exploitation of Malta's natural advantages in warm climate and long periods of sunshine. This has already been achieved for potatoes, onions and wine which have obtained good export markets in Europe. It is in the process of being achieved for cut flowers and cuttings and present indications are that the potential for this trade is not yet in sight of being satisfied.

8.84 It is with the foregoing basic considerations in mind that the Government has drawn up its Five Year Development Plan for Agriculture, the capital expenditure on which will be about £1.3 million. The capital expenditure alone is by no means the end of the story. Some projects included in the second development plan have proved their worth so that they are now established as part of the normal work of the Department of Agriculture. Consequently in the next Plan their financing is included in the recurrent budget and not the capital budget. It is also worth recalling that agricultural productivity is greatly affected by expenditure in related sectors such as water and roads.

8.85 A very important item which does not appear in the capital estimates is the Dairy Improvement Scheme. This scheme is financed in a special way. The two principal objects of the Scheme are to: (i) increase average milk yields per cow from their present level of about 765 gallons to 1,000 gallons and per goat from 60 gallons to 70 gallons, with a consequent decrease in the production costs of milk and (ii) expand meat production from the dairy herd to meet increasing demand.

8.86 The World Food Programme will make available to the Government some 8,000 tons of food grains, which will be sold to farmers participating in the Scheme. The procedure will be similar to that of the successful scheme for the development of the Pig Breeding industry for which the World Food Programme made available about 7,000 tons of food grains. The proceeds, amounting to about £130,000 from the sales to farmers will be paid into a special fund from which grants and loans will be made for: (i) essential dairy farm developments, such as equipment, building materials and labour; (ii) the purchase of locally bred and genetically superior female calves for distribution to progressive milk producers, and male calves for use in the beef research programme; (iii) the introduction of more efficient artificial insemination services and infertility control; (iv) the establishment of a central feed-mxing plant and (v) the introduction of milk recording and a herd-book.

8.87 Included in the total allocation of £1.3 million for Agriculture is the sum of £525,000 which will be used: on financial assistance and incentive grants to farmers, breeders, horticulturalists and co-operatives to enable them to modernise their holdings and adopt more efficient methods of production; on structural protection for fruits, flowers and vegetables grown out of season for the domestic and export markets; on the promotion and improvement of crop and livestock production; and on assistance to agricultural co-operative societies to enable them to develop further the production of balanced food for livestock.

8.88 On the crop side £106,000 is being provided for the development of Horticulture. Just over half of this amount is required as the Government contribution towards the UNSF Horticulture Demonstration and Training Centre run by FAO which was originally scheduled to complete its work in 1970 but which is being

extended for a further two years. Further improvements will be made and equipment added (£20,000) to the centres at Buskett and elsewhere to expand the work on viticulture which has already shown considerable success. A sum of £39,000 is being made available for works in connection with the drive to increase the collection of run-off water for agricultural use.

8.89 Afforestation is considered essential not only to make the Island more attractive to tourists but also to help in soil conservation. Rather than import all the trees, nurseries have been established from which seedlings can be distributed. A total of £50,000 is being made available in order to enable the running costs of the operation to be met and also for new equipment to be purchased.

8.90 In regard to livestock: funds will be made available from recurrent votes to enable various improvements to be made to the Department's laboratories, to provide better diagnostic facilities and to ensure adequate supplies of the necessary vaccines. Particular attention will be paid to the breeding of better livestock especially by the use of artificial insemination.

8.91 Improved agricultural production must be 'supported' by the creation of adequate marketing facilities. £184,000 has been provided for the completion of the Rabat market — which should be in operation by 1971 — and for the building of a new market at B'Kara which should be completed by the end of the Plan. A detailed scheme has been drawn up for the building of a new Civil Abattoir which will bring it into line with modern conditions and ensure the maintenance of high standards of hygiene demanded by consumers both at home and abroad. The £300,000 being made available will mainly go towards the building of a completely new slaughter house — considered to be the most pressing necessity — and the purchase of much needed modern equipment. The rest of the project will be carried over on to the next Plan.

8.92 In view of the success of the determined measures taken in the previous plan period to eradicate diseases in livestock, it was hoped that the provision of funds under the capital budget would no longer be necessary. The reappearance of brucellosis has however made it necessary to allocate a sum of £35,000 in the second year of the Plan so that diseased animals can be slaughtered and owners compensated. This measure should ensure that Maltese herds are kept free from this disease.

8.93 The changing structure of agriculture requires constant investigation of production problems. Trials have to be made to find the most suitable varieties of crops, the most economic methods of production, and the requirements of inputs such as fertiliser and water. New breeds of livestock need to be tried out to find their adaptability to local conditions. At the same time it is essential to have clean herds; diseases must be quickly diagnosed and remedial action taken. £44,000 has therefore been allocated for the modernisation of the Government Farms in Malta and in Gozo and for improvements and additional equipment in the laboratories.

## FISHERIES

8.94 Government intends to continue to encourage an increase in the number of larger fishing boats capable of a greater range. Such boats require expensive machinery and navigational aids and accommodation of a standard suitable for the

longer hours which the fishermen have to spend at sea. It is unlikely that individual fishermen, whose incomes have been limited by the small scale of their operations, will have the necessary capital available to obtain larger boats. The Government is therefore allocating £112,000 for grants and loans for the construction of new and larger fishing boats.

8.95 There is also much to be done in assisting owners to improve existing boats. It is therefore intended to make available £16,000 for grants to provide modern fishing equipment and navigational aids. It is expected that such improvements should help to bring about an increase in the catch obtained per boat and per fisherman.

8.96 It is essential that increased landings should maintain good quality and variety. It will be of no help to Malta if the increased catch is of large quantities of low grade fish. It will be necessary to look for new fishing grounds and perhaps work stocks which have not hitherto been exploited by Maltese fishermen. It may prove desirable to adopt new fishing techniques or change to different types of gear. No fisherman is likely to be willing to risk using new methods before they have been tested and demonstrated to be successful. The Fisheries Section will have to assume responsibility for much of the exploratory work both on new fishing grounds and new techniques. To make this possible £10,000 has been allocated for Experimental and Research Work.

8.97 Much work has already been done in improving harbours but more still remains to be done. A sum of £40,000 has been allocated to enable improvements to be carried out at fishing harbours both in Malta and Gozo. This item also provides for the continuation of dredging works at M'Xlokk.

## MILK MARKETING UNDERTAKING

8.98 The past expansion policy of the Milk Marketing Undertaking has had a two-fold object in view: the general improvement of the health of the community and the development of a thriving dairy industry which would help to restrict the considerable imports of dairy products. Over the years the Milk Marketing Undertaking has endeavoured to raise the standard of local milk production, to improve the handling and utilization of fresh milk, and to educate the population further in the nutrative value of milk and milk products and in the importance of milk in the national diet.

8.99 The success of the Milk Marketing Undertaking's past policies can be gauged from the fact that, in spite of a general reduction in the poulation, the sales of fresh milk have increased from 2.9 million gallons in 1960 to over 4.0 million gallons in 1968 while the importation of tinned milk during the same period fell from 3.5 million to under 3 million gallons. The increase in sales of local milk has been due largely to the steady improvement in local herd management where the accent has been on improving production without increasing the national herd. During the past 10 years the annual average yield per cow has risen from 600 to just under 800 gallons. The control by Milk Depot Supervisors and Inspectors on all milk purchased, processed and distributed has also been reflected in the improved quality of the milk.

8.100 The policy of the Milk Marketing Undertaking over the next five years will continue to be one of expansion; and with the help of the World Food Programme which will continue to finance the Dairy Improvement Scheme (referred to in the section on Agriculture), the total production of milk(1) is expected to increase from 4.7 million gallons in 1967 to around 6.0 million by 1972, again largely through improved yields per cow.

8.101 The capital programme of the Third Five Year Plan envisages an expenditure of £150,000 directed towards the further improvement of the Undertaking's collection and distribution systems, the continued modernisation of production methods and the further extension of cold storage capacity. The above figure does not include financial assistance to breeders to enable them to adopt more efficient methods of production and to modernize their holdings, funds for which are being provided under the Agriculture vote.

8.102 The scheme for the extension of the Hamrun Dairy has now reached an advanced stage of completion and the provision of £18,000 is expected to cover the cost of the remaining works. A total of £57,000 is earmarked for the completion of the Milk Collection Depots under construction in Malta and in Gozo. Additional Cold Storage space for milk, rikotta, butter and fresh cheeselets will be provided through the conversion, at a cost of £15,000, of the existing creamery at Hamrun. The replacement of an old bottling line by a modern automatic glass bottling machine, and the purchase and installation of a cartoning machine, will cost £50,000 while £10,000 has been earmarked for the purchase of mobile milk bars.

## (C) Social and Other Services

### EDUCATION

8.103 For the past twenty years Malta has had a system of compulsory primary education for all children between 6 and 14 years of age. Beyond this there has been the possibility of secondary education, provided either in Government or private secondary schools. Places in Government secondary schools were limited and selection had been based on a competitive examination. More than one attempt was allowed for this examination; as a result the age of entrants to secondary schools varied considerably, from 10½ to 14 years.

8.104 Education is no longer regarded merely as socially desirable but as an essential economic investment which produces its greatest dividends at the post-primary levels. The hitherto existing primary school course of 8 years, with its years of unnecessary repetition aimed at securing entry into the secondary schools, was a waste of human resources.

8.105 Although education, in its broadest sense, must remain a part of any acceptable policy of education, Malta is rapidly changing her economic structure and technology and must concentrate on equipping the school-going population with the skills that the country needs. A principal objective must be to integrate the form and content of education more closely with economic development.

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(1) Including milk used in the manufacture of by-products.

8.106 Because of the traditional system of education in Malta there is a tendency for people to think of secondary education in terms of the Lyceum. Grammar School, type of establishment. This strictly limited concept has however undergone considerable change in recent years. There are in fact three types of secondary education: Grammar, Technical and General; it is in this wider sense that the subject is treated in this Plan.

8.107 The Educational policy aims for the Third Plan — for which a total of £1.82 million is being provided under the heads of Education — can broadly be stated in the following terms:—

(a) *Primary Education*: to reduce the number of years spent in the primary schools from eight to six, and to lower the compulsory age of entry to five years. The present method of selection to secondary schools will be revised to include the continuous assessment of children by using cumulative records cards, standardized attainment and intelligence tests and educational guidance.

(b) *Secondary Education*: to provide four years of compulsory education for all children by means of a system designed to cater not only for the more able children but for a wide range of abilities and aptitudes, and eventually to raise the present compulsory upper age limit from 14 to 15 years.

(c) *Further Education*: to provide, beyond the compulsory school attendance age, improved and extended opportunities for technical and vocational training, including retraining and rehabilitation, at the Polytechnic, the Technical Institutes and the Government Industrial Training Centres.

(d) *Higher Education*: to improve the facilities at the University and at the College of Arts, Science and Technology (C.A.S.T.) to enable them to contribute more adequately to the requirements of the economy by providing an increased number of graduates in all fields of activity — industry, education, commerce and civil service.

8.108 The feasibility of the policies for primary and secondary education lies in the fact that for the past twenty years the birth rate has been falling and it is unlikely that, in the forseeable future, the large numbers experienced in the past will be coming forward for primary education. Forecasts of children available for primary education between the ages of 5 and 11 years are as follows:—

| 1969/70 | 1973/74 | 1978/79 |
|---|---|---|
| 37,000 | 27,700 | 25,200 |

8.109 To meet the demand for education of the large number born just after the war capital expenditure on the education system over the past two five year plans concentrated on the building of primary schools. The changed demographic pattern means that the need for further primary school construction has been greatly reduced. It is possible, therefore, in the current five years to change the emphasis of educational policy by concentrating on secondary and technical education and improving the quality of the existing primary schools. Such a change should maximise the effectiveness of past and future expenditures on education and gear the system to meet efficiently the current and prospective needs of trained manpower.

8.110 Thus, just at the time when changes in the supply of labour to meet the new technological requirements are needed, it has become possible to introduce secondary education for all, on a limited scale. The established grammar and secondary technical schools, which will continue to develop on present lines, are being joined by a third type of school for general secondary education. The basic requirement is that these three types of secondary education should have at their disposal sufficient accommodation and staff resources to be able to admit all children at the secondary school entry age of 11+. There are many conditions that are essential for the smooth implementation of such a scheme of reorganisation. The differentiation into three types of secondary schools will neither be rigid nor regarded as permanent. Pupils will be able to transfer from one type of secondary school to another if their development and interest so justify. It is essential that the new secondary system should remain flexible enough to meet future needs.

8.111 At the beginning of the Plan period there were some 2,400 boys and 1,800 girls receiving education in the private secondary schools. These schools will continue to make their valuable contribution to education.

8.112 From the point of view of technical education the policy over the past two plans has been to lay the foundations of a sound system to ensure that the demands of the new industries could be met. These industries largely depend on the availability of skilled manpower. The aim of the Third Plan is to consolidate what has been achieved and to expand technical education so that it is adequate to meet the demands of industry for an increasing number of skills, to replace losses by emigration, and to provide the retraining needs consequent on the rundown of the services. The Plan envisages technical education and vocational training being provided, beyond the present compulsory school attendance age of up to 14 years, at the Technical Institutes and at the Government Industrial Training Centre.

8.113 At present Government has three secondary technical schools in Malta and one in Gozo. In addition there are the apprenticeship school and an industrial training centre at Marsa, a small industrial training centre in Gozo and a catering school at Msida. The training provided is subsidiary to that supplied at a higher technical level by the College of Arts, Science and Technology.

## Plan Projects

### PRIMARY SCHOOLS

8.114 The Third Plan includes £233,000 as capital expenditure in the field of primary education; this is for the completion of outstanding works at the Mellieha and Sta. Venera Schools and for the erection of new schools at Rabat, Lija/Balzan and Vittoriosa. Funds out of the recurrent budget will be made available for equipment to improve standards in primary schools. This re-equipment is necessary for the adoption of more up to date teaching methods.

### SECONDARY GRAMMAR SCHOOLS

8.115 The programme here, too, is limited. Out of a total provision of £151,000 for Grammar Schools £125,000 (which includes £20,000 for equipment) is earmarked for the completion of the new school for girls at Mriehel, and £26,000 for further construction works and equipment at the Blata-l-Bajda and B'Kara Schools for Girls.

## SECONDARY GENERAL SCHOOLS

8.116 Accommodation required for the 30 new schools being set up under the 'Secondary Education for All' Scheme is being found from among existing Primary School premises. This means that the overall capital cost of the scheme will not be too high. The £238,000 Plan provision is therefore earmarked solely for the purchase of equipment and for the cost of adaptation works required to provide Home Economics Units, Workshops and Laboratories in the schools. A further sum of £24,000 is being provided to cover completion works at the Cospicua, B'Kara and Mosta Schools, originally meant to be used as centres for 'extended courses' but which are now to be incorporated in the new Secondary Education Scheme.

## SECONDARY TECHNICAL SCHOOLS

8.117 The amount of £127,000 provided for the next five years includes £30,000 (£11,000 of which are for the completion of minor construction works) for the Naxxar Secondary Technical School for Boys; and £20,000 for construction work at and re-equipment of St. Patrick's School. The balance of £77,000 will go towards extending and equipping the Lyceum Secondary Technical School in Gozo.

## FURTHER TECHNICAL EDUCATION, RETRAINING AND REHABILITATION

8.118 The Technical Institutes give training to craftsman level and prepare students for higher technical courses at the Polytechnic. There is a close liaison between these institutions, particularly in the electrical and mechanical departments. Despite the importance of the Building and Construction industry to the economy there have hitherto been no specialist courses in trades connected with this industry. The expansion of the Paola Technical Institute and the building of the new institute at Naxxar will therefore make possible the organization of courses in building and construction skills, as well as courses in the fields of woodworking and automobile engineering. £23,000 and £44,000 have been provided for construction works and equipment respectively for the Paola Technical Institute. The Naxxar Technical Institute has been allocated £221,000 for construction works and £95,000 for equipment.

8.119 Vocational and industrial training and retraining is provided at the Government Industrial Training Centres, at Marsa and Gozo. Over the next five years the capacity of these centres will be further expanded to enable them to turn out the skilled labour force for new industries, and to provide the re-training needed to adapt the existing labour force, particularly those discharged from the services, to the changing requirements of the economy. In many cases the Government Industrial Training Centres will provide the basic skills as a preliminary to on-the-job training in more specialised skills. Recent surveys have shown that current demands for skills in a wide variety of trades exist without the extra industrial demand expected to be generated in the period of the Plan. To meet these demands it is planned to increase the output of trained personnel from the Government Industrial Training Centres. The removal of the apprentices' school to Paola will enable concentration on adult training and re-training to be effected at the Marsa Training Centre.

8.120 In the second five year plan expenditure on Vocational and Industrial Training was a charge on the Capital Budget as, at the time, it was not anticipated that the scheme would develop into a long term service. However, the subsequent development of Vocational Training and the existing plans for its further expansion have made it clear that this is not a project which will come to an end in the forseeable future. For this reason the substantial expenditure during the Third Five Year Plan on the payment of salaries to instructors, on allowances to trainees and the purchase of equipment, has been transferred to the Recurrent Budget. The only capital requirements covered in the Plan are £11,000 for construction works at the Malta Government Industrial Training Centre and £8,000 and £5,000 for equipment at the Malta and Gozo Government Industrial Training Centres respectively.

## HIGHER EDUCATION

8.121 The Malta College of Arts, Science and Technology runs both full and part time courses. These include Mechanical, Civil and Electrical Engineering to higher certificate and degree level, and in Commerce and Business studies to certificate and professional level. It has a separate department of Hotel Administration. Tourism and Food Technology with courses in hotel-keeping, catering and food technology from craft to managerial level, producing staff for the vital tourist industry. Additional equipment requirements at the College are a charge on the Recurrent Budget. Only a small provision (£3,000) for the completion of outstanding minor works is included in the Plan.

8.122 The sum of £488,000 has been allocated for the Roval University of Malta of which £213,000 is for the completion of the Assembly Hall, a Marine Biology Station and site works. Some £65,000 is provided for the library and archives development and £198,000 for equipment in the blocks already completed and for the new developments. The balance of £12,000 is for outstanding land acquisition commitments.

## HEALTH

8.123 The projects under this Head cater for the provision of additional bed space, services and equipment in new hospital buildings and also for the modernisation or adaptation of existing hospitals. Provision is also made for the refuse pulverising and composting scheme.

8.124 The existing hospitals in Gozo are housed in very old buildings and lack most of the facilities found in modern hospitals. Modernisation works were carried out at these hospitals a few years back but this was only a patching-up exercise. Accordingly it was decided to construct a new and modern hospital with facilities for general, geriatric and psychiatric medical care. Consultants were engaged and reports and plans for the project were finalised some months ago. A contract for this project has recently been awarded and works on site clearance are already in hand. The total cost of construction and equipment is estimated at around £2½ million, but actual payments up to the end of March, 1974, are estimated at slightly less than £2 million.

8.125 The Children's Unit project which featured in the second plan has had to be carried over to the current Plan as a result of various difficulties. Most of these difficulites have now been resolved and Consultants are expected to submit detailed plans and tender documents before the end of 1970. If all goes well it should be possible to make a start on works in 1971. The Unit which will be built at Guardamanġa will provide bed space for 140 patients in 5 wards, a premature baby unit, 3 major operating theatres, an X-ray unit, a pathology laboratory, an outpatients' department, emergency services as well as ancillary facilities.

8.126 The Plan makes provision for an expenditure of almost £550,000 for modernisation of Mount Carmel and St. Vincent de Paul Hospitals. The works involve structural alterations, installation of new equipment in wards and modern apparatuses in laundries and kitchens. £33,000 have been earmarked for the purchase of equipment at the former King George V Hospital in Floriana, which is being converted into a specialised centre for the treatment of cancer cases and £150,000 for the refuse pulversing and composting project.

## HOUSING

8.127 In spite of the improvement in the overall housing position there still remains large scale unsatisfied demand for low-priced rental accommodation. The recent building boom, which has been an important ingredient in Malta's successful economic expansion, has diverted resources from the building of moderately priced housing units to industrial construction and luxury villas and apartments. Some relief has been obtained on the supply side, through emigration and the Services rundown. But the major part of investment in new housing was directed into dwellings which catered for the demand of the higher income groups and of new residents whilst some investment has gone into serviced flats and villas for tourists. The reason for this has been the fairly obvious fact that it has been more profitable for the industry to produce the higher priced type of accommodation. This is not an unknown phenomenon in a period of rapid economic development but it does mean that Government has to intervene to provide houses for those who are left out of the supply stream by the processes of the market.

8.128 Government has undertaken a massive programme of housing development involving a total investment of £5.2 million by 1974. This will go in large part (£4 million) on the construction of about 1,500 dwelling units for letting to those people whose incomes do not permit them to compete for accommodation in the open market. In spite of difficulties encountered, especially in placing contracts for masonry works, encouraging progress has been made so far. By mid-1970, 23 units were completed in all respects, some 1,150 were in various stages of construction and work on the remaining 320 units is scheduled to commence in the last quarter of 1970. The figure for units under construction includes 20 units being erected at Victoria, Gozo under the auspices of the Gozo Civic Council.

8.129 In addition to this Government's own programme of construction (1,500 units) additional housing is being made available as a result of conversion of properties formerly occupied by Services families. 87 units have been provided by acquisition of the Marshall Court block in Gżira; and a further 32 units are being provided in the former Wrens Quarters at Hal Far. It will be Government's policy to avail itself of such other opportunities as may present themselves in future of acquiring and converting former Service occupied dwellings for use by Maltese families.

8.130 The Plan also provides for the continuation of the "Home Ownership", "Second Storey" and "Reconditioning of Sub-standard Houses" Schemes. Sufficient funds have been provided to enable 600 and 120 allocations to be made under the first two schemes respectively and it is estimated that at least 2,000 beneficiaries will receive assistance under the "Reconditioning of Sub-standard Houses" Scheme.

## ANTIQUITIES

8.131 Considerable reliance on Malta's 'cultural' amenities is placed in Government's plans for the development of Malta's tourist potential. Malta's heritage of historical monuments and Mediterranean culture is part and parcel of the 'Malta' which we are endeavouring to sell to tourists; it is therefore obviously important that care should be taken to preserve those historic monuments which are a legacy of Malta's chequered history. A programme of restoration and repair work has been drawn up for the Third Five Year Plan. A good part of the works in the programme will be financed from the 'ad hoc' provision of £1 million by way of grant made available under the Financial Agreement with the British Government.

8.132 The vast scale of Malta's historic fortifications makes the task of restoring them in detail a very formidable one. As a first approach the plan of operation envisages a 'revelation' exercise to be followed by detailed 'restoration' wherever possible. The main object will be to clear away encroachments and to reveal and display the monuments in such a way as to make them comprehensible and attractive to visitors. In terms of the impressive bastioned lines, this will mean that moats and ditches will be cleared of every thing not relevant to their original purpose, thus enhancing the group of fortifications which are outstanding in their own right and compare favourably with any example of their kind in Europe.

8.133 Malta's monuments, even if restricted to those which would qualify for aid under the terms of the relative section of the Financial Agreement, are so extensive, both in scale and in numbers, that any programme of restoration work must necessarily be, to some extent, selective. It has accordingly been decided that at least for the present, work should be confined to:

a) Fort St. Angelo
b) Fort Manoel
c) Selected portions of Fort St. Elmo
d) Floriana Lines
e) Floriana Hornworks.

8.134 Two considrations in the selection of these monuments are; (i) the manner in which such selection would affect tourist development, especially the need to cater for the short term tourists mainly concerned with the overall impression gained from distant views from land and water, and for the longer term tourists who have more time to examine monuments in depth and detail; (ii) the need for the selected monuments to present eventually as comprehensive a view as possible of the historic Malta heritage, in particular Malta of the Knights.

8.135 Fort St. Angelo is the only monument which pre-dates the era of the Knights of St. John and is of exceptional interest for this reason. There is evidence

that the site was already occupied at least in the 13th. century while closer investigation might reveal an even earlier origin.

8.136 Fort Manoel, which was built in the eighteenth century, has hardly changed in essentials since its construction and is a classic example of a star shaped fort of the period. Some of its internal buildings were unfortunately damaged during the war.

8.137 Apart from the chapel, the original Fort St. Elmo completed in 1533, was completely destroyed and rebuilt in 1565-1568 as part of the defences of Valletta. The area known as lower St. Elmo is probably of late 18th century origin. This is an early example of a star-shaped fort continuously occupied since the 16th century, and will always occupy an outstanding place in Malta's history in view of the part played by St. Elmo in the Great Siege.

8.138 The Floriana lines are a landward extension of the Valletta defences running from Pietà Creek to Grand Harbour with the Hornwork extending along Grand Harbour to give flanking protection. The Floriana lines and Hornworks, which were originally designed by Pietro Floriani in 1634 and eventually completed in 1690, are an outstanding example of the work of one of the foremost European military engineers of that time.

8.139 The programme of restoration is anticipated to cost some £353,000 over the Plan period. In addition a further sum of £200,000 is being made available under the Antiquities vote mainly for the continuation of schemes already started during the previous plan. This sum will be spent on restoration of churches, public monuments, paintings, on the purchase of showcases, furniture and exhibits for the Natural History and Folk Museum at the Vilhena Palace, Mdina; on the restoration of the painted soffitti in the palace; and on reconstruction works at the Sacra Infermeria, which was one of the earliest organised hospitals in Europe and which was damaged during World War II. Furthermore it is intended to restore the Auberge d'Italie and to adapt it as the permanent home of the National Archeological Museum. The creation of a separate Archeological Museum will make possible the conversion of the National Museum into a National Art Gallery. Funds are being provided for the continuation of conversion and adaption works at the former Connaught Hospital and for restoration works at the Gran Castello (Gozo) and the Hal Saflieni pre-historic hypogeum.

## 9. FINANCING OF THE PLAN

### PUBLIC SECTOR INVESTMENT

The total estimate of cost of plan projects forming part of the public (Government) investment programme comes to around £49.2 million. In addition there are the Public Corporations' own programmes of development (Appendix B) costed in all at some £21.9 million. The combined cost of the Government and Corporation programmes is around £71 million which is almost double the total commitment of £38.4 million on the Second Plan when it was brought out.

9.2 It has been the experience of previous plans that some element of the total budgeted cost of the Plan tends to remain unspent, either because of plan adjustments or because of delays in physical implementation or in the presentation of bills for settlement. This experience suggests that some £8 million in the coming five years, mainly on the Government's direct programme, will not be needed. On this reckoning, therefore, the total amount of finance which must be raised is £63 million.

9.3 The Public Corporation programmes will be financed in large part by monies raised by, or on account of, the Corporation themselves:

(a) **Malta Electricity Board** (£5.7 million). The Italian Loan will provide £1.75 million; the Board will be raising £1.2 million from their own revenues. The balance of £2.75 million is being raised by local loan issues on Government account for relending to the Board.

(b) **Malta Drydocks Corporation** (£12.65 million). The capital expenditure element of £3 million will be financed by British grant monies in terms of the agreement recently reached with the British Government. In addition there is a further requirement of £9.65 million in the form of working and other capital. This additional capital will be advanced by Government out of public loan issues on Government account.

(c) **Gas Board** (£535,000). This sum will be found from the Board's own resources.

(d) **Malta Development Corporation** (£3 million). The Corporation will be supplementing its equity resources, for its own investment programme, by going to the market for some £3 million, availing itself of the borrowing powers which the Corporation Act provides.

9.4 **The Public (Government) investment** programme is costed at £49.2 million. With an imputed element of some £8 million likely to remain unexpended the actual call on funds is expected to be at or around £41.2 million. To meet this bill there is the money remaining available under the Financial Agreement with Britain. This balance — £22.7 million — is partly taken up by the Dockyard capital grant (£3 million); the rest (£19.7 million) is available for general plan finance and will be subscribed by Britain in grant form in so far as expenditure on the repair of historic buildings is concerned, and (in respect of the balance) on the 3:1 grant/loan basis agreed in October, 1970. With all the balance of United Kingdom aid taken up there remains an uncovered element of plan expenditure of £21.5 million which will have to be raised from other sources. The cost of the Radio-Telephone project with Italy (£604,000) will be met by specific loan facilities provided by the Italian Government.

There are other possibilities of soft loan raising from abroad being examined but Government may have to reckon on providing the full residual element of £20.9 million from local loan sources. If further foreign soft loan arrangements are negotiated the balance of finance to be raised by local borrowing will be correspondingly less.

9.5 Assuming that the £20.9 million will be raised locally, the total local loan requirement for the duration of the Plan comes to around £33.3 million — including £9.65 million which has to be raised for Dockyard purposes and £2.75 million being raised on Malta Electricity Board account. This of course is a much higher rate of borrowing than has hitherto been attempted and it raises the question whether the local money market has the liquidity and resources to find such vast sums of money for investment in Government bonds. Experience since April 1969 suggests that there is no reason to doubt that the required response from the market can and will be made. Naturally each loan tranche will have to take account of competing pulls and pressures on the market supply;but, given the right terms, and appropriate monetary policies, the supply of personal and institutional 'savings' available for investment should be more than adequate. The confidence in Malta's future is there.

## HARNESSING OF LOCAL SAVINGS

9.6 As pointed out in Chapter 7, the Plan envisages that domestic savings supplemented by official grants and loans, as well as by private transfers of capital from abroad, will be sufficient to meet projected total private and public needs for capital formation. The main problem here will be to ensure that as much of domestic savings as needed are channelled into domestic capital formation, public or private.

9.7 The public sector programme will be making heavy calls on domestic loan finance. While this is inevitable and a favourable public response is essential to keep the Government programme in funds, it is important that the local saver should be taught to think as well in terms of 'non-Government' investment, either by way of placing his money directly into industrial enterprise or by putting his money at the disposal of the banking sector so as to provide that sector with the resources to make the required credit finance available.

9.8 It has been stated in Chapter 6 that monetary and fiscal policies will be used to secure the necessary finance for productive investment. The devices in question will range from control over the money supply generally, appropriate manipulation of interest rates, the introduction of new savings media, to the conscious application of central banking policy so as to require a greater involvement by the organised money market in the development of the country.

9.9 One factor which has hitherto tended to weaken our endeavours to interest the Maltese small saver in industrial placement of his monies, has been the absence of a local capital market for buying and selling industrial stock. The Central Bank has taken an initiative in the desired direction by undertaking to buy and sell selected issues of Malta Local Development Registered Stock. This should help to make Government stock more saleable in so far as it has become more readily transferable. Private industrial stock however is still without an organised market, and

public participation in, and subscription to, the shares of the few companies which have gone public remains a matter for individual negotiation. Towards the end of 1968 a Committee was appointed to examine the feasibility of establishing a local Stock Exchange: the first step towards developing what will eventually be a more sophisticated local capital market. The Committee has submitted its recommendations to Government and these are being actively considered with a view to introducing the necessary machinery as soon as this can feasibly be done.

## PUBLIC DEBT

9.10 A necessary, but nonetheless disturbing, part of the Plan is that it will result in a substantial increase in public debt. The burden of debt — the total cost of servicing the debt relative to GNP — will also rise but it will still remain relatively small. At the beginning of the Third Plan the national debt totalled about £20.1 million. The expected additional borrowing requirements over the Plan period, including the Exchequer loan element of British aid and other loan finance from both local and foreign sources will amount to £40.3 million.

9.11 The total annual cost of servicing the debt will rise from about £1.3 million in March, 1969 to about £4.0 million by March, 1974. But since national income will also be increasing during the 5 year period, the total cost of servicing the debt is expected to account for only 3.3 per cent of Gross National Product (measured in 1968 prices) in 1973/74 compared with 1.7 per cent in 1968. Moreover, to the extent that the greater part of borrowing for the Third Plan can be raised from local savings the additional servicing charges arising from the Plan should go largely to Maltese nationals and this will, apart, from minimising the external payments aspect of the problem, ensure that such debt payments remain within the local income stream.

# APPENDICES

# THIRD DEVELOPMENT PLAN

## Total Phasing of Government Investment

£

| Head | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| Telephones | 3,911,300 | 507,300 | 700,000 | 800,000 | 1,325,000 | 579,000 |
| Roads | 4,504,500 | 894,000 | 1,100,000 | 970,500 | 885,000 | 655,000 |
| Water | 4,641,600 | 1,110,600 | 1,290,000 | 1,367,000 | 687,000 | 187,000 |
| Port Development | 3,177,100 | 107,100 | 550,000 | 1,093,000 | 997,000 | 430,000 |
| Electricity | 450,400 | 105,400 | 103,000 | 89,000 | 79,000 | 74,000 |
| Industrial Development | 8,590,900 | 1,973,900 | 2,340,000 | 1,942,000 | 1,260,000 | 1,075,000 |
| Tourism | 4,570,600 | 665,600 | 1,050,000 | 995,000 | 945,000 | 915,000 |
| Agriculture and Fisheries | 1,481,800 | 260,800 | 340,000 | 292,000 | 302,000 | 287,000 |
| Milk Marketing Undertaking | 149,800 | 19,800 | 120,000 | 10,000 | — | — |
| Technical Education | 559,700 | 133,700 | 155,000 | 120,000 | 88,000 | 63,000 |
| Higher Education | 488,000 | 172,000 | 147,000 | 107,000 | 42,000 | 20,000 |
| Education (Primary and Grammar) | 2,703,100 | 3,100 | 100,000 | 275,000 | 1,065,000 | 1,260,000 |
| Civil Aviation | 770,000 | 125,000 | 300,000 | 175,000 | 100,000 | 70,000 |
| Antiquities | 199,200 | 41,200 | 75,000 | 45,000 | 29,000 | 9,000 |
| Health | 3,100,800 | 216,800 | 675,000 | 752,000 | 751,000 | 706,000 |
| Housing | 5,212,200 | 411,200 | 1,623,000 | 1,398,000 | 1,172,000 | 608,000 |
| Sewers | 1,617,800 | 283,300 | 450,000 | 305,500 | 294,500 | 284,500 |
| Public Buildings | 1,129,000 | 207,000 | 215,000 | 137,000 | 210,000 | 360,000 |
| War Damage | 376,900 | 64,900 | 90,000 | 74,000 | 74,000 | 74,000 |
| Emigration Services | 811,000 | 183,000 | 250,000 | 226,000 | 76,000 | 76,000 |
| | 48,445,700 | 7,485,700 | 11,673,000 | 11,173,000 | 10,381,500 | 7,732,500 |
| Historic Buildings | 353,200 | 3,200 | 50,000 | 80,000 | 100,000 | 120,000 |
| Service Annuity Development Corporation | 362,800 | 90,700 | 90,700 | 90,700 | 90,700 | — |

## TEI EPHONES

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| Central Exchange ... ... ... ... ... ... | 163,900 | 47,900 | 75,000 | 17,000 | 17,000 | 7,000 |
| St. Paul's Bay Exchange ... ... ... ... ... | 104,400 | 4,400 | 75,000 | 10,000 | 10,000 | 5,000 |
| B'Bugia Exchange ... ... ... ... ... ... | 15,100 | 3,100 | 7,000 | 2,000 | 2,000 | 1,000 |
| Sliema Exchange ... ... ... ... ... ... | 347,100 | 90,100 | 122,000 | 69,000 | 59,000 | 7,000 |
| Gozo Exchange ... ... ... ... ... ... | 74,600 | 5,600 | 19,000 | 20,000 | 20,000 | 10,000 |
| Rabat Exchange ... ... ... ... ... ... | 26,600 | 2,600 | 18,000 | 2,000 | 2,000 | 2,000 |
| B'Kara Exchange ... ... ... ... ... ... | 681,400 | 237,400 | 180,000 | 139,000 | 85,000 | 40,000 |
| Żejtun Exchange ... ... ... ... ... ... | 828,500 | 97,500 | 209,000 | 182,000 | 292,000 | 57,000 |
| Sliema II Exchange ... ... ... ... ... ... | 371,500 | — | 500 | 70,000 | 260,000 | 41,000 |
| B'Kara II Exchange ... ... ... ... ... ... | 346,000 | — | — | 35,000 | 215,000 | 96,000 |
| Marsa II Exchange ... ... ... ... ... ... | 246,000 | — | — | — | 10,000 | 236,000 |
| Gozo II Exchange ... ... ... ... ... ... | 79,000 | — | — | 3,000 | 53,000 | 23,000 |
| Replacement of manual exchange at Dockyard ... ... | 19,500 | 15,500 | 3,000 | 1,000 | — | — |
| Cable Laying and Testing Equipment ... ... ... | 3,700 | 3,200 | 500 | — | — | — |
| Radio-Telephone link with Italy ... ... ... ... | 604,000 | — | — | 250,000 | 300,000 | 54,000 |
| Total ... | 3,911,300 | 507,300 | 700,000 | 800,000 | 1,325,000 | 579,000 |

## ROADS — MALTA

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Machinery and vehicles ... ... ... ... | 50,500 | 11,500 | 20,000 | 7,000 | 6,000 | 6,000 |
| 2. Outstanding Acquisition of Property ... ... ... | 62,500 | 12,500 | 20,000 | 10,000 | 10,000 | 10,000 |
| 3. Sliema Regional Road ... ... ... ... ... | 615,000 | 165,000 | 250,000 | 150,000 | 50,000 | — |
| 4. Sundry road improvements, including replanning of urban areas ... ... ... ... ... ... | 600,000 | 112,500 | 160,000 | 127,500 | 100,000 | 100,000 |
| 5. Hamrun Bypass ... ... ... ... ... ... | 500,400 | 90,400 | 70,000 | 150,000 | 120,000 | 70,000 |
| 6. Resurfacing of Roads ... ... ... ... ... | 529,300 | 109,300 | 120,000 | 100,000 | 100,000 | 100,000 |
| 7. Birkirkara Bypass ... ... ... ... ... | 40,000 | — | 10,000 | 10,000 | 10,000 | 10,000 |
| 8. Panoramic Road ... ... ... ... ... ... | 366,300 | 86,300 | 70,000 | 70,000 | 70,000 | 70,000 |
| 9. Ghadira/Mellieha Bypass ... ... ... ... | 257,100 | 57,100 | 50,000 | 50,000 | 50,000 | 50,000 |
| 10. Widening Tal-Balal Road ... ... ... ... | 61,900 | 11,900 | 25,000 | 15,000 | 10,000 | — |
| 11. Widening Sliema/Naxxar/Burmarrad Road ... ... | 60,700 | 8,700 | 22,000 | 15,000 | 15,000 | — |
| 12. Improving approaches to Parish Church, B'Kara ... | 7,900 | 1,900 | 2,000 | 2,000 | 2,000 | — |
| 13. Improving Kingsgate Access ... ... ... ... | 4,100 | 100 | 4,000 | — | — | — |
| 14. Siggiewi Approach Road ... ... ... ... | 450,000 | — | 50,000 | 100,000 | 200,000 | 100,000 |
| 15. Blata l-Bajda Flyover ... ... ... ... ... | 49,500 | 16,500 | 25,000 | 8,000 | — | — |
| 16. Formation of Kingsgate Square ... ... ... | 11,300 | 9,300 | 2,000 | — | — | — |
| Total: MALTA ... | 3,666,500 | 693,000 | 900,000 | 814,500 | 743,000 | 516,000 |

*APPENDIX "A" cont.*

## ROADS — GOZO

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 17. Widening Victoria/Marsalforn Road ... ... ... | 30,900 | 10,900 | 10,000 | 10,000 | — | — |
| 18. Resurfacing of Roads ... ... ... ... ... | 260,700 | 60,700 | 50,000 | 50,000 | 50,000 | 50,000 |
| 19. Constructing new road to Żebbuġ ... ... ... | 25,900 | 10,900 | 10,000 | 5,000 | — | — |
| 20. Improving Access Road to Mġarr ix-Xini ... ... | 15,600 | 5,600 | 8,000 | 2,000 | — | — |
| 21. Improving Valley Road to Ramla Bay ... ... | 15,000 | — | 5,000 | 5,000 | 5,000 | — |
| 22. Constructing Road to Dwejra ... ... ... ... | 30,500 | 10,500 | 10,000 | 5,000 | 5,000 | — |
| 23. Improving Mġarr/Victoria/Ta' Pinu Road ... ... | 41,700 | 16,700 | 15,000 | 10,000 | — | — |
| 24. Panoramic Road — Wied il-Għasri/Dwejra ... ... | 71,300 | 11,300 | 8,000 | 10,000 | 20,000 | 22,000 |
| 25. Panoramic Road — Marsalforn/Dwejra ... ... | 110,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| 26. Widening Munxar Street, Munxar ... ... ... | 13,200 | 6,200 | 7,000 | — | — | — |
| 27. Improving Victoria/Xagħra Road ... ... ... | 22,800 | 10,800 | 10,000 | 2,000 | — | — |
| 28. Constructing Road from Daħlet Qorrot ... ... | 50,600 | 10,600 | 10,000 | 10,000 | 10,000 | 10,000 |
| 29. Improving Road from Ħondoq ir-Rummien ... | 30,000 | — | 5,000 | 5,000 | 10,000 | 10,000 |
| 30. Sundry Minor Improvements ... ... ... ... | 94,800 | 24,800 | 25,000 | 15,000 | 15,000 | 15,000 |
| 31. Widening Road to Għasri ... ... ... ... | 25,000 | — | 5,000 | 5,000 | 5,000 | 10,000 |
| Total: GOZO ... | 838,000 | 201,000 | 200,000 | 156,000 | 142,000 | 139,000 |
| Total: MALTA & GOZO ... | 4,504,500 | 894,000 | 1,100,000 | 970,500 | 885,000 | 655,000 |

## WATER

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Distiller Nos. 1, 3 and 4 (Malta) ... ... ... | 664,200 | 538,200 | 86,000 | 40,000 | — | — |
| 2. Distiller No. 5 (Malta) ... ... ... ... ... | 1,936,100 | 96,100 | 500,000 | 840,000 | 500,000 | — |
| 3. Distiller No. 1 (Gozo) ... ... ... ... ... | 907,800 | 152,800 | 450,000 | 280,000 | 25,000 | — |
| 4. Distiller No. 2 (Gozo) ... ... ... ... ... | 15,000 | — | — | — | — | 15,000 |
| 5. Renewal of Mains (Malta) ... ... ... ... | 327,900 | 72,900 | 70,000 | 65,000 | 60,000 | 60,000 |
| 6. Renewal of Mains (Gozo) ... ... ... ... | 59,900 | 11,900 | 12,000 | 12,000 | 12,000 | 12,000 |
| 7. Improvement and re-distribution of supplies ... ... | 480,400 | 173,400 | 120,000 | 87,000 | 50,000 | 50,000 |
| 8. Extension of Mains (Malta) ... ... ... ... | 176,500 | 44,500 | 33,000 | 33,000 | 33,000 | 33,000 |
| 9. Extension of Mains (Gozo) ... ... ... ... | 40,000 | 10,000 | 9,000 | 7,000 | 7,000 | 7,000 |
| 10. Reconstruction of Ta' Qali Reservoir ... ... | 10,800 | 10,800 | — | — | — | — |
| 11. Leakage detection ... ... ... ... ... | 13,000 | — | 10,000 | 3,000 | — | — |
| 12. Development of Lower Coralline Aquifer ... ... | 10,000 | — | — | — | — | 10,000 |
| Total ... | 4,641,600 | 1,110,600 | 1,290,000 | 1,367,000 | 687,000 | 187,000 |

## PORT DEVELOPMENT

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Quay at Coal Wharf ... ... ... ... ... | 40,200 | 39,200 | 1,000 | — | — | — |
| 2. Widening and extending Jetties Wharf ... ... | 99,900 | 10,900 | 45,000 | 24,000 | 20,000 | — |
| 3. Realignment of Bonded Stores Wharf ... ... | 75,000 | — | 45,000 | 30,000 | — | — |
| 4. Shed at Bonded Stores Wharf ... ... ... ... | 50,000 | — | — | 28,000 | 22,000 | — |
| 5. Car Ferry Terminal ... ... ... ... ... | 970,000 | — | 40,000 | 250,000 | 350,000 | 330,000 |
| 6. Extension of the Deep Water Quay ... ... ... | 640,000 | — | 37,000 | 250,000 | 253,000 | 100,000 |
| 7. Rehabilitation of Power Station Intake ... ... | 11,000 | — | — | 11,000 | — | — |
| 8. Cirkewwa Landing Stage ... ... ... ... | 7,000 | — | 7,000 | — | — | — |
| 9. Mgarr Harbour ... ... ... ... ... ... | 1,279,900 | 52,900 | 375,000 | 500,000 | 352,000 | — |
| 10. (Passenger Terminal and Port Office) ... ... | 3,700 | 3,700 | — | — | — | — |
| 11. (Bonded Stores at Fort Ricasoli) ... ... ... | 400 | 400 | — | — | — | — |
| Total ... | 3,177,100 | 107,100 | 550,000 | 1,093,000 | 997,000 | 430,000 |

## ELECTRICITY

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Extension of supply to various localities ... ... | 269,700 | 59,700 | 60,000 | 55,000 | 50,000 | 45,000 |
| 2. Extension of Street Lighting System (Malta) ... | 70,500 | 19,500 | 15,000 | 12,000 | 12,000 | 12,000 |
| 3. Remodelling of Street Lighting System (Malta) ... | 56,100 | 20,100 | 10,000 | 10,000 | 8,000 | 8,000 |
| 4. Extension of Street Lighting System (Gozo) ... ... | 32,600 | 2,600 | 10,000 | 8,000 | 6,000 | 6,000 |
| 5. Remodelling of Street Lighting System (Gozo) ... | 16,800 | 1,800 | 5,000 | 4,000 | 3,000 | 3,000 |
| 6. Reconstruction of electrical distribution system ... | 4,700 | 1,700 | 3,000 | — | — | — |
| Total ... | 450,400 | 105,400 | 103,000 | 89,000 | 79,000 | 74,000 |

## INDUSTRIAL DEVELOPMENT

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Assistance to Industries ... ... ... ... ... | 2,968,700 | 618,700 | 500,000 | 650,000 | 600,000 | 600,000 |
| 2. Factory Construction ... ... ... ... ... | 5,253,200 | 1,258,200 | 1,745,000 | 1,200,000 | 600,000 | 450,000 |
| 3. Development Corporation ... ... ... ... | 337,000 | 97,000 | 90,000 | 75,000 | 50,000 | 25,000 |
| 4. Standards Laboratory ... ... ... ... ... | 32,000 | — | 5,000 | 17,000 | 10,000 | — |
| **Total** ... | 8,590,900 | 1,973,900 | 2,340,000 | 1,942,000 | 1,260,000 | 1,075,000 |

## TOURISM

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Assistance to hotels ... ... ... ... ... | 1,948,800 | 148,800 | 430,000 | 450,000 | 450,000 | 470,000 |
| 2. Beach Development ... ... ... ... ... | 224,100 | 44,100 | 45,000 | 45,000 | 45,000 | 45,000 |
| 3. Servicing of Resort Sites ... ... ... ... | 1,425,100 | 300,100 | 375,000 | 300,000 | 250,000 | 200,000 |
| 4. Advertising, Publicity and Promotion ... ... | 911,000 | 111,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| 5. Yacht Centre (Phase I) ... ... ... ... ... | 61,600 | 61,600 | — | — | — | — |
| **Total** ... | 4,570,600 | 665,600 | 1,050,000 | 995,000 | 945,000 | 915,000 |

*APPENDIX "A" cont.*

# AGRICULTURE AND FISHERIES

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| **AGRICULTURE:** | | | | | | |
| 1. Financial Assistance and incentive grants to farmers, breeders, co-operatives and horticulturists ... ... | 525,100 | 115,100 | 110,000 | 100,000 | 100,000 | 100,000 |
| 2. Development of horticulture ... ... ... ... | 106,100 | 26,100 | 20,000 | 20,000 | 20,000 | 20,000 |
| 3. Development of viticulture ... ... ... ... | 19,800 | 4,800 | 5,000 | 5,000 | 3,000 | 2,000 |
| 4. Collection of run-off water ... ... ... ... | 38,900 | 13,900 | 10,000 | 5,000 | 5,000 | 5,000 |
| 5. Afforestation, plantation and nurseries ... ... | 50,400 | 15,400 | 11,000 | 8,000 | 8,000 | 8,000 |
| 6. Centralization of vegetable markets ... ... ... | 184,200 | 34,200 | 45,000 | 50,000 | 35,000 | 20,000 |
| 7. New Civil Abattoir ... ... ... ... ... | 300,100 | 10,100 | 45,000 | 60,000 | 90,000 | 95,000 |
| 8. Modernization of Govt. Farms in Malta and Gozo ... | 26,800 | 5,800 | 6,000 | 5,000 | 5,000 | 5,000 |
| 9. Equipping Agricultural Laboratories ... ... ... | 16,900 | 6,900 | 2,000 | 2,000 | 3,000 | 3,000 |
| 10. Animal Eradication Scheme ... ... ... ... | 35,000 | — | 35,000 | — | — | — |
| Total: Agriculture ... | 1,303,300 | 232,300 | 289,000 | 255,000 | 269,000 | 258,000 |
| **FISHERIES** | | | | | | |
| 11. Loans and grants to fishermen for boats ... ... | 111,800 | 23,800 | 25,000 | 21,000 | 21,000 | 21,000 |
| 12. Financial Assistance to fishermen for equipment ... | 16,800 | 800 | 4,000 | 4,000 | 4,000 | 4,000 |
| 13. Experimental fishing equipment and research ... | 9,900 | 1,900 | 2,000 | 2,000 | 2,000 | 2,000 |
| 14. Improvements to fishing harbours ... ... ... | 40,000 | 2,000 | 20,000 | 10,000 | 6,000 | 2,000 |
| Total: Fisheries ... | 178,500 | 28,500 | 51,000 | 37,000 | 33,000 | 29,000 |
| Total: Agriculture and Fisheries ... | 1,481,800 | 260,800 | 340,000 | 292,000 | 302,000 | 287,000 |

## MILK MARKETING UNDERTAKING

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972 73 | 1973/74 |
| 1. Extension of Hamrun Dairy ... ... ... ... | 18,000 | — | 18,000 | — | — | — |
| 2. Milk Collection Depots — Malta ... ... | 45,000 | 10,000 | 35,000 | — | — | — |
| 3. Milk Collection Depots — Gozo ... ... ... | 12,300 | 9,300 | 3,000 | — | — | — |
| 4. Provision of Mobile Milk Bars ... ... ... | 10,000 | — | 5,000 | 5,000 | — | — |
| 5. Purchasing of Milk Packaging Equipment ... ... | 50,000 | — | 50,000 | — | — | — |
| 6. Provision of Refrigerated Stores ... ... ... | 10,500 | 500 | 5,000 | 5,000 | — | — |
| 7. Erection of Cheese Cold Stores ... ... ... | 4,000 | — | 4,000 | — | — | — |
| Total ... | 149,800 | 19,800 | 120,000 | 10,000 | — | — |

*APPENDIX "A" cont.*

## TECHNICAL EDUCATION

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Naxxar Secondary Technical School for Boys — Construction ... ... ... ... ... | 11,000 | 6,000 | 5,000 | — | — | — |
| 2. Naxxar Secondary Technical School for Boys — Equipment ... ... ... ... ... ... | 19,500 | 7,500 | 5,000 | 3,000 | 2,000 | 2,000 |
| 3. Extension of St Patrick's School — Construction ... | 10,100 | 100 | 4,000 | 6,000 | — | — |
| 4. Extension of St Patrick's School — Equipment ... | 10,000 | 4,000 | 3,000 | 1,000 | 1,000 | 1,000 |
| 5. Naxxar Technical Institute — Construction ... ... | 221,500 | 51,500 | 75,000 | 50,000 | 25,000 | 20,000 |
| 6. Naxxar Technical Institute — Equipment ... ... | 95,100 | 6,100 | 19,000 | 25,000 | 25,000 | 20,000 |
| 7. Paola Technical Institute — Construction ... ... | 23,400 | 15,400 | 8,000 | — | — | — |
| 8. Paola Technical Institute — Equipment ... ... | 43,800 | 8,800 | 5,000 | 10,000 | 10,000 | 10,000 |
| 9. Gozo Technical Institute — Construction ... ... | 3,100 | 3,100 | — | — | — | — |
| 10. Gozo Technical Institute — Equipment ... ... | 19,100 | 7,100 | 6,000 | 2,000 | 2,000 | 2,000 |
| 11. G.I.T.C. Malta — Construction ... ... ... | 11,300 | 8,300 | 3,000 | — | — | — |
| 12. G.I.T.C. Malta — Equipment ... ... ... ... | 7,500 | 2,500 | 2,000 | 3,000 | — | — |
| 13. G.I.T.C. Gozo — Equipment ... ... ... ... | 4,800 | 800 | 1,000 | 1,000 | 1,000 | 1,000 |
| 14. M.C.A.S.T. — Construction ... ... ... ... | 3,000 | 1,000 | 2,000 | — | — | — |
| 15. Extending Lyceum Secondary Technical School, Gozo — Construction ... ... ... ... ... | 62,000 | 11,000 | 15,000 | 15,000 | 18,000 | 3,000 |
| 16. Extending Lyceum Secondary Technical School, Gozo — Equipment ... ... ... ... ... ... | 14,500 | 500 | 2,000 | 4,000 | 4,000 | 4,000 |
| Total ... | 559,700 | 133,700 | 155,000 | 120,000 | 88,000 | 63,000 |

## HIGHER EDUCATION

£

| Project | Estimated Expenditure | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | 1969/74 | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Purchase of Books and Equipment ... ... ... | 60,000 | 15,000 | 15,000 | 15,000 | 15,000 | — |
| 2. Preservation and use of Archives for Historical Research ... ... ... ... ... ... | 5,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 3. Marine Biology Station ... ... ... ... | 10,000 | — | 10,000 | — | — | — |
| 4. Assembly Hall ... ... ... ... ... ... | 138,000 | 120,000 | 18,000 | — | — | — |
| 5. Extension of Arts Block ... ... ... ... | 55,000 | — | 10,000 | 45,000 | — | — |
| 6. Site Works and maintenance area ... ... ... | 65,000 | 10,000 | 35,000 | 20,000 | — | — |
| 7. Sports Pavilion and Gymnasium ... ... ... | 20,000 | — | 20,000 | — | — | — |
| 8. Equipment ... ... ... ... ... ... | 123,000 | 26,000 | 26,000 | 26,000 | 26,000 | 19,000 |
| 9. Outstanding Acquisition of Property ... ... ... | 12,000 | — | 12,000 | — | — | — |
| Total ... | 488,000 | 172,000 | 147,000 | 107,000 | 42,000 | 20,000 |

*APPENDIX "A" cont.*

## EDUCATION — PRIMARY AND GRAMMAR

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Rabat School — Construction ... ... ... ... | 60,400 | 6,400 | 20,000 | 25,000 | 9,000 | — |
| 2. Rabat School — Equipment ... ... ... ... | 5,000 | — | — | — | 5,000 | — |
| 3. Lija/Balzan School — Construction ... ... ... | 69,600 | 1,600 | 20,000 | 23,000 | 15,000 | 10,000 |
| 4. Lija/Balzan School — Equipment ... ... ... | 5,000 | — | — | — | — | 5,000 |
| 5. Vittoriosa School — Construction ... ... ... | 70,400 | 1,400 | 10,000 | 25,000 | 24,000 | 10,000 |
| 6. Vittoriosa School — Equipment ... ... ... | 5,000 | — | — | — | — | 5,000 |
| 7. Mellieha School — Construction ... ... ... | 12,000 | 7,000 | 5,000 | — | — | — |
| 8. St Venera School — Construction ... ... ... | 5,300 | 3,300 | 2,000 | — | — | — |
| 9. Imriehel Grammar School for girls — Construction | 105,600 | 45,600 | 40,000 | 20,000 | — | — |
| 10. Imriehel Grammar School for girls — Equipment | 19,700 | 6,700 | 3,000 | 5,000 | 5,000 | — |
| 11. Extending Blata l-Bajda Grammar School — Constr. | 15,200 | 1,200 | 10,000 | 4,000 | — | — |
| 12. Completion of Schools at Cospicua, Birkirkara and Mosta — Construction ... ... ... ... | 23,600 | 18,600 | 5,000 | — | — | — |
| 13. Secondary Technical School for Girls at Birkirkara — Equipment ... ... ... ... ... ... | 10,900 | 2,900 | 6,000 | 2,000 | — | — |
| 14. Extension of Secondary Education ... ... ... | 237,700 | 12,700 | 140,000 | 50,000 | 20,000 | 15,000 |
| 15. Special Schools — Construction ... ... ... | 72,500 | 14,500 | 30,000 | 10,000 | 10,000 | 8,000 |
| 16. School Libraries and Lending Library Service ... | 29,100 | 100 | 4,000 | 6,000 | 7,000 | 12,000 |
| 17. Cost of Outstanding Acquisition of Property ... | 23,000 | 3,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Total ... | 770,000 | 125,000 | 300,000 | 175,000 | 100,000 | 70,000 |

## CIVIL AVIATION

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Implementation of requirements under regional plans of ICAO ... ... ... ... ... ... | 40,000 | — | 10,000 | 15,000 | 15,000 | — |
| 2. New Air Terminal Complex ... ... ... ... | 603,100 | 3,100 | 40,000 | 60,000 | 250,000 | 250,000 |
| 3. Extension of Runway ... ... ... ... ... | 2,000,000 | — | 50,000 | 200,000 | 800,000 | 950,000 |
| 4. Instrument Landing System ... ... ... ... | 60,000 | — | — | — | — | 60,000 |
| Total ... | 2,703,100 | 3,100 | 100,000 | 275,000 | 1,065,000 | 1,260,000 |

## ANTIQUITIES

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Natural History and Folk Museum ... ... ... | 20,900 | 8,900 | 12,000 | — | — | — |
| 2. Restoration of Sacra Infermeria ... ... ... | 55,700 | 14,700 | 20,000 | 11,000 | 10,000 | — |
| 3. Public Monuments ... ... ... ... ... | 13,800 | 1,800 | 3,000 | 3,000 | 3,000 | 3,000 |
| 4. Restoration of Paintings ... ... ... ... | 10,200 | 2,200 | 2,000 | 2,000 | 2,000 | 2,000 |
| 5. Reinstatement of former Connaught Hospital ... | 9,600 | 3,600 | 6,000 | — | — | — |
| 6. Repair to Government Churches ... ... ... | 20,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| 7. Soffitti — The Palace, Valletta ... ... ... | 7,400 | 1,400 | 6,000 | — | — | — |
| 8. National Archeological Museum ... ... ... | 32,600 | 1,600 | 10,000 | 15,000 | 6,000 | — |
| 9. National Gallery ... ... ... ... ... | 5,000 | — | — | 3,000 | 2,000 | — |
| 10. Gran Castello, Gozo ... ... ... ... ... | 20,000 | 3,000 | 10,000 | 5,000 | 2,000 | — |
| 11. Hal Saflieni Prehistoric Hypogeum ... ... ... | 4,000 | — | 2,000 | 2,000 | — | — |
| Total ... | 199,200 | 41,200 | 75,000 | 45,000 | 29,000 | 9,000 |
| 12. Restoration of Historic Buildings (Art. 7) ... ... | 353,200 | 3,200 | 50,000 | 80,000 | 100,000 | 120,000 |
| Total ... | 552,400 | 44,400 | 125,000 | 125,000 | 129,000 | 129,000 |

## HEALTH

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Children's Unit ... ... ... ... ... ... | 431,600 | 11,600 | 10,000 | 100,000 | 130,000 | 180,000 |
| 2. Gozo Hospital — Construction ... ... ... | 1,721,000 | 46,000 | 475,000 | 500,000 | 500,000 | 200,000 |
| 3. Gozo Hospital — Equipment ... ... ... ... | 200,000 | — | 5,000 | 10,000 | 25,000 | 160,000 |
| 4. Mount Carmel Hospital — Construction ... ... | 139,800 | 21,800 | 22,000 | 46,000 | 25,000 | 25,000 |
| 5. Mount Carmel Hospital — Equipment ... ... | 40,500 | 3,500 | 10,000 | 9,000 | 9,000 | 9,000 |
| 6. Mount Carmel Hospital — Kitchen and Laundry Equipment ... ... ... ... ... ... | 131,700 | 77,700 | 45,000 | 9,000 | — | — |
| 7. St Vincent de Paul — Construction ... ... ... | 139,500 | 12,500 | 22,000 | 55,000 | 25,000 | 25,000 |
| 8. St Vincent de Paul — Equipment ... ... ... | 40,100 | 3,100 | 15,000 | 8,000 | 7,000 | 7,000 |
| 9. St Vincent de Paul — Kitchen Equipment ... ... | 51,100 | 26,100 | 25,000 | — | — | — |
| 10. St Luke's Hospital — Laundry Equipment ... ... | 22,400 | 14,400 | 8,000 | — | — | — |
| 11. Purchase of Equipment for new Hospital at Floriana | 33,000 | — | 33,000 | — | — | — |
| 12. Refuse Pulverising and Composting ... ... ... | 150,100 | 100 | 5,000 | 15,000 | 30,000 | 100,000 |
| **Total ...** | 3,100,800 | 216,800 | 675,000 | 752,000 | 751,000 | 706,000 |

*APPENDIX "A" cont.*

# HOUSING

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Housing Estates ... ... ... ... ... ... | 3,924,100 | 324,100 | 1,300,000 | 1,000,000 | 900,000 | 400,000 |
| 2. Home Ownership Scheme ... ... ... ... | 545,700 | 22,700 | 180,000 | 180,000 | 88,000 | 75,000 |
| 3. Second Storey Scheme ... ... ... ... ... | 120,100 | 5,100 | 40,000 | 40,000 | 18,000 | 17,000 |
| 4. Reconditioning of Sub-standard Houses Scheme ... | 75,200 | 19,200 | 20,000 | 20,000 | 8,000 | 8,000 |
| 5. Acquisition of sites ... ... ... ... ... | 60,700 | 700 | 15,000 | 15,000 | 15,000 | 15,000 |
| 6. Servicing of sites ... ... ... ... ... ... | 306,000 | 16,000 | 40,000 | 100,000 | 100,000 | 50,000 |
| 7. Reinstatement of derequisitioned houses ... ... | 12,500 | 500 | 3,000 | 3,000 | 3,000 | 3,000 |
| 8. Administration expenses ... ... ... ... | 167,900 | 22,900 | 25,000 | 40,000 | 40,000 | 40,000 |
| Total ... | 5,212,200 | 411,200 | 1,623,000 | 1,398,000 | 1,172,000 | 608,000 |

## SEWERS

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| MALTA: | | | | | | |
| 1. Street Sewers at B'Kara, Lija, Attard and Balzan | 39,000 | 7,000 | 10,000 | 8,000 | 7,000 | 7,000 |
| 2. Street Sewers at B'Buġia ... ... ... ... | 22,400 | 8,400 | 8,000 | 4,000 | 2,000 | — |
| 3. Street Sewers at Bubaqra ... ... ... ... | 6,900 | 3,900 | 2,000 | 1,000 | — | — |
| 4. Street Sewers at Fgura ... ... ... ... ... | 30,700 | 4,700 | 11,000 | 5,000 | 5,000 | 5,000 |
| 5. Street Sewers at Kalkara ... ... ... ... | 14,600 | 2,600 | 4,000 | 5,000 | 3,000 | — |
| 6. Street Sewers at Naxxar ... ... ... ... | 38,700 | 6,700 | 8,000 | 8,000 | 8,000 | 8,000 |
| 7. Street Sewers at Mellieha ... ... ... ... | 48,000 | 4,000 | 9,000 | 12,000 | 12,000 | 11,000 |
| 8. Street Sewers at Mosta ... ... ... ... ... | 34,200 | 7,200 | 6,000 | 8,000 | 7,000 | 6,000 |
| 9. Street Sewers at Mqabba ... ... ... ... | 14,400 | 5,400 | 1,000 | 4,000 | 4,000 | — |
| 10. Street Sewers at San Ġwann ... ... ... ... | 25,000 | 2,000 | 5,000 | 6,000 | 6,000 | 6,000 |
| 11. Street Sewers at Nigret ... ... ... ... | 9,900 | 3,900 | 5,000 | 1,000 | — | — |
| 12. Street Sewers at Paola ... ... ... ... ... | 20,000 | 4,000 | 10,000 | 3,000 | 3,000 | — |
| 13. Street Sewers at Qormi ... ... ... ... | 26,900 | 2,900 | 6,000 | 6,000 | 6,000 | 6,000 |
| 14. Street Sewers at Qrendi ... ... ... ... | 29,000 | 4,000 | 8,000 | 8,000 | 5,000 | 4,000 |
| 15. Street Sewers at Safi ... ... ... ... ... | 8,100 | 4,100 | 2,000 | 2,000 | — | — |
| 16. Street Sewers at St. Julians ... ... ... ... | 17,500 | 3,500 | 6,000 | 3,000 | 3,000 | 2,000 |
| 17. Street Sewers at Tal-Virtù ... ... ... ... | 10,200 | 200 | 8,000 | 2,000 | — | — |
| 18. Street Sewers at Ta'Xbiex ... ... ... ... | 11,600 | 1,600 | 1,000 | 3,000 | 3,000 | 3,000 |
| 19. Street Sewers at Valley Road, Msida ... ... | 3,000 | — | 3,000 | — | — | — |
| 20. Street Sewers at Żabbar ... ... ... ... | 17,600 | 1,600 | 4,000 | 4,000 | 4,000 | 4,000 |
| 21. Street Sewers at Żurrieq ... ... ... ... | 14,700 | 4,700 | 9,000 | 1,000 | — | — |
| 22. Street Sewers at St. Paul's Bay ... ... ... | 77,300 | 2,300 | 20,000 | 15,000 | 20,000 | 20,000 |
| 23. Laying interceptors at B'Kara/Qormi ... ... | 7,000 | 4,000 | 2,000 | 1,000 | — | — |
| 24. Overhauling Sewer at Sliema ... ... ... ... | 50,900 | 8,900 | 12,000 | 10,000 | 10,000 | 10,000 |
| 25. Pumping and alterations to Gżira P.S. ... ... | 70,800 | 9,800 | 36,000 | 25,000 | — | — |
| 26. Pumping plant and alterations to Għajn Dwieli ... | 30,000 | — | — | — | 15,000 | 15,000 |
| 27. Sundry Extensions ... ... ... ... ... | 105,600 | 25,600 | 33,000 | 17,000 | 15,000 | 15,000 |

## SEWERS — cont.

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| **MALTA (cont.)** | | | | | | |
| 28. Overhauling sewer at Msida ... ... ... ... | 8,000 | — | 6,000 | 2,000 | — | — |
| 29. Street sewers at Xgħajra ... ... ... ... | 19,000 | — | 4,000 | 5,000 | 5,000 | 5,000 |
| 30. Street sewers at M'Scala ... ... ... ... | 23,000 | — | — | 5,000 | 8,000 | 10,000 |
| 31. Street sewers at M'Xlokk ... ... ... ... | 24,000 | — | 2,000 | 5,000 | 7,000 | 10,000 |
| 32. Street sewers at Baħar iċ-Ċagħaq ... ... ... | 56,000 | — | 1,000 | 10,000 | 20,000 | 25,000 |
| 33. Street sewers at Rabat/Dingli ... ... ... ... | 24,000 | — | 8,000 | 8,000 | 8,000 | — |
| 34. Street sewers at Marsa/Ħamrun area ... ... ... | 24,000 | 5,000 | 5,000 | 5,000 | 5,000 | 4,000 |
| 35. Street sewers at Mġarr/Żebbieħ ... ... ... | 46,000 | — | 1,000 | 10,000 | 15,000 | 20,000 |
| 36. Laying interceptors at M'Scala/Żabbar ... ... | 24,000 | — | 1,000 | 5,000 | 8,000 | 10,000 |
| 37. Laying interceptors at Baħar iċ-Ċagħaq/St. Andrew's | 45,000 | — | 10,000 | 10,000 | 12,000 | 13,000 |
| 38. Laying interceptors at M'Xlokk/Żejtun ... ... | 30,000 | — | — | 5,000 | 10,000 | 15,000 |
| 39. Extension of sewers at St. George's Bay ... ... | 20,800 | 12,800 | 6,000 | 2,000 | — | — |
| 40. Experimental plant at Għammieri ... ... ... | 17,000 | — | 17,000 | — | — | — |
| 41. Wastes Disposal and Water supply ... ... ... | 130,300 | 54,300 | 70,000 | 6,000 | — | — |
| Total: MALTA ... | 1,275,100 | 205,100 | 360,000 | 240,000 | 236,000 | 234,000 |

## SEWERS—contd.

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| GOZO: | | | | | | |
| 42. Street sewers at San Lawrenz, Gharb ... ... | 17,700 | 9,700 | 5,000 | 1,000 | 1,000 | 1,000 |
| 43. Street sewers at Kercem, St. Lucia ... ... ... | 52,800 | 19,800 | 8,000 | 12,000 | 8,000 | 5,000 |
| 44. Street sewers at Qala ... ... ... ... ... | 21,800 | 13,800 | 5,000 | 1,000 | 1,000 | 1,000 |
| 45. Street sewers at Fontana ... ... ... ... | 8,000 | — | 4,000 | 2,000 | 1,000 | 1,000 |
| 46. Street sewers at Victoria ... ... ... ... | 46,500 | 16,500 | 5,000 | 10,000 | 8,000 | 7,000 |
| 47. Laying interceptors at Munxar/Fontana ... ... | 7,000 | — | 1,000 | 2,000 | 2,000 | 2,000 |
| 48. Laying interceptors at Żebbuġ/Għasri ... ... | 7,000 | — | 2,000 | 2,000 | 2,000 | 1,000 |
| 49. Laying interceptors at San Lawrenz/Għasri/Għarb to Wied il-Mielaħ ... ... ... ... ... | 2,500 | 500 | 500 | 500 | 500 | 500 |
| 50. Laying interceptors at Xagħra/Victoria ... ... | 5,000 | — | 3,000 | 1,000 | 1,000 | — |
| 51. Ejector station at Qala ... ... ... ... ... | 8,000 | — | 8,000 | — | — | — |
| 52. Ejector station at Nadur ... ... ... ... | 8,000 | — | 8,000 | — | — | — |
| 53. Street sewers at Żebbuġ ... ... ... ... | 5,000 | — | 2,000 | 1,000 | 1,000 | 1,000 |
| 54. Sundry Extensions ... ... ... ... ... | 24,900 | 5,900 | 5,000 | 5,000 | 5,000 | 4,000 |
| 55. Street sewers at Nadur ... ... ... ... ... | 12,000 | 6,000 | 5,000 | 1,000 | — | — |
| 56. Street sewers at Xagħra ... ... ... ... | 20,000 | — | 5,000 | 5,000 | 5,000 | 5,000 |
| 57. Draining galleries and shafts ... ... .. ... | 8,000 | 2,000 | 2,000 | 2,000 | 1,000 | 1,000 |
| 58. Street sewers at Sannat ... ... ... ... ... | 6,500 | 500 | 1,000 | 3,000 | 1,000 | 1,000 |
| 59. Street sewers at Xewkija ... ... ... ... | 10,000 | 3,500 | 2,500 | 2,000 | 1,000 | 1,000 |
| 60. Ejector station at Xagħra ... ... ... ... | 10,000 | — | 3,000 | 2,000 | 4,000 | 1,000 |
| 61. Ejector station at Fontana ... ... ... ... | 6,000 | — | 3,000 | 1,000 | 1,000 | 1,000 |
| 62. Street sewers at Għasri ... ... ... ... ... | 13,000 | — | 4,000 | 3,000 | 3,000 | 3,000 |
| 63. Street sewers at Marsalforn ... ... ... ... | 15,000 | — | 3,000 | 3,000 | 4,000 | 5,000 |
| 64. Street sewers at Xlendi ... ... ... ... ... | 15,000 | — | 3,000 | 3,000 | 4,000 | 5,000 |
| 65. Street sewers at Munxar ... ... ... ... | 13,000 | — | 2,000 | 3,000 | 4,000 | 4,000 |
| Total: GOZO ... | 342,700 | 78,200 | 90,000 | 65,500 | 58,500 | 50,500 |
| Grand Total ... | 1,617,800 | 283,300 | 450,000 | 305,500 | 294,500 | 284,500 |

## PUBLIC BUILDINGS

*APPENDIX "A" cont.*

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. National Theatre and Conference Hall ... ... | 380,000 | — | — | 30,000 | 100,000 | 250,000 |
| 2. New Law Courts ... ... ... ... ... | 169,100 | 119,100 | 40,000 | 10,000 | — | — |
| 3. Children's Playgrounds Malta ... ... ... ... | 32,200 | 4,200 | 7,000 | 7,000 | 7,000 | 7,000 |
| 4. Civic Centres ... ... ... ... ... ... | 82,300 | 32,300 | 50,000 | — | — | — |
| 5. Outstanding acquisitions ... ... ... ... | 200,100 | 40,100 | 40,000 | 40,000 | 40,000 | 40,000 |
| 6. Reconditioning of Queen's Square ... ... ... | 20,000 | — | 18,000 | 2,000 | — | — |
| 7. Market Place at Victoria ... ... ... ... | 8,000 | — | 8,000 | — | — | — |
| 8. Children's Playgrounds Gozo ... ... ... ... | 15,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| 9. Silver Jubilee Sports Ground ... ... ... ... | 4,000 | — | 4,000 | — | — | — |
| 10. Police Stations in Gozo and Comino ... ... ... | 14,100 | 4,100 | 5,000 | 5,000 | — | — |
| 11. Reconditioning of site adjacent to St. John's Co-Cathedral ... ... ... ... ... | 4,200 | 4,200 | — | — | — | — |
| 12. New Post Office ... ... ... ... ... ... | 200,000 | — | 40,000 | 40,000 | 60,000 | 60,000 |
| Total: ... | 1,129,000 | 207,000 | 215,000 | 137,000 | 210,000 | 360,000 |

## WAR DAMAGE

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Compensation in respect of buildings ... ... | 275,200 | 35,200 | 60,000 | 60,000 | 60,000 | 60,000 |
| 2. Compensation in respect of buildings affected by realignment ... ... ... ... ... ... | 25,200 | 9,200 | 4,000 | 4,000 | 4,000 | 4,000 |
| 3. Administration Expenses ... ... ... ... | 76,500 | 20,500 | 26,000 | 10,000 | 10,000 | 10,000 |
| Total: ... | 376,900 | 64,900 | 90,000 | 74,000 | 74,000 | 74,000 |

# EMIGRATION SERVICES

*APPENDIX "A" cont.*

£

| Project | Estimated Expenditure 1969/74 | Phasing of Estimated Expenditure | | | | |
|---|---|---|---|---|---|---|
| | | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 |
| 1. Passage and other assistance | 425,400 | 130,400 | 100,000 | 65,000 | 65,000 | 65,000 |
| 2. Medical Examination of Migrants | 10,100 | 2,100 | 2,000 | 2,000 | 2,000 | 2,000 |
| 3. Remission of Passports and other fees | 10,200 | 2,200 | 2,000 | 2,000 | 2,000 | 2,000 |
| 4. Emigration Agency in U.K. | 35,100 | 10,100 | 7,000 | 6,000 | 6,000 | 6,000 |
| 5. Contribution to Catholic Episcopal Migration and Welfare Association of Australia for maintenance of Maltese children | 5,200 | 1,200 | 1,000 | 1,000 | 1,000 | 1,000 |
| 6. Housing Scheme for Migrants to Australia | 325,000 | 37,000 | 138,000 | 150,000 | — | — |
| Total | 811,000 | 183,000 | 250,000 | 226,000 | 76,000 | 76,000 |

*APPENDIX "B"*

# PUBLIC CORPORATION EXPENDITURE (1)

| | Estimated Expenditure 1969/74 | |
|---|---|---|
| *Malta Drydocks Corporation* | | |
| 1. Capital Expenditure | £3,000,000 | |
| 2. Working and other Capital | £9,650,000 | £12,650,000 |
| *Malta Development Corporation* | | |
| 1. Investment Funds (2) | £3,000,000 | £3,000,000 |
| *Malta Electricity Board* | | |
| 1. Power Station – first extension | £2,800,000 | |
| 2. Power Station – second extension | £1,700,000 | |
| 3. Extension and reinforcement of distribution system | £1,200,000 | £5,700,000 |
| *Gas Board* | | |
| 1. Capital Expenditure | £535,000 | £535,000 |
| Total | | £21,885,000 |

(1) Not forming part of Public Investment Programme.

(2) These funds are quite distinct from the funds for assistance to industries which the Corporation administers under an agency agreement with Government.

# SUPPLY OF LABOUR, STATISTICS AND PROJECTIONS FOR 1964/1973

## *Males*

| Year | Males 14-64 (a) | Males over 14 at school (b) | Males available for work (c) | Male labour force (d) | (d) / (c) × 100 | Activity Rate * |
|---|---|---|---|---|---|---|
| 1964 | 89,328 | 9,337 | 79,991 | 74,692 | 93.4 | 83.6 |
| 1965 | 89,050 | 8,776 | 80,274 | 76,025 | 94.7 | 85.4 |
| 1966 | 90,288 | 8,198 | 82,090 | 77,513 | 94.4 | 85.8 |
| 1967 | 94,665 | 9,190 | 85,475 | 78,603 | 91.9 | 83.0 |
| 1968 | 96,265 | 8,553 | 87,712 | 78,924 | 89.9 | 82.0 |
| 1969 | 98,084 | 8,719 | 89,365 | 82,137 | 91.9 | 83.7 |
| 1970 | 98,722 | 7,857 | 90,865 | 83,600 | 92.0 | 84.7 |
| 1971 | 99,646 | 8,292 | 91,354 | 84,050 | 92.0 | 84.3 |
| 1972 | 100,042 | 9,471 | 90,571 | 83,330 | 92.0 | 83.3 |
| 1973 | 100,530 | 9,752 | 90,778 | 83,520 | 92.0 | 83.1 |

## *Females*

| Year | Females 14-59 (a) | Unmarried females 14-59 (b) | Females over 14 at school (c) | Females available for work (d) | Female labour force (e) | (e) / (d) × 100 | Activity Rate * |
|---|---|---|---|---|---|---|---|
| 1964 | 95,247 | 48,843 | 4,457 | 44,386 | 19,483 | 43.9 | 20.5 |
| 1965 | 95,209 | 48,343 | 4,268 | 44,075 | 19,954 | 45.3 | 21.0 |
| 1966 | 96,980 | 49,211 | 5,235 | 43,976 | 19,851 | 45.1 | 20.5 |
| 1967 | 96,316 | 49,279 | 4,553 | 44,726 | 20,094 | 44.9 | 20.9 |
| 1968 | 97,816 | 49,733 | 5,657 | 44,076 | 21,095 | 47.9 | 21.6 |
| 1969 | 100,270 | 50,124 | 5,701 | 44,423 | 22,136 | 49.8 | 22.1 |
| 1970 | 101,186 | 51,392 | 5,193 | 46,199 | 23,700 | 51.3 | 23.4 |
| 1971 | 102,314 | 51,965 | 5,848 | 46,117 | 24,350 | 52.8 | 23.8 |
| 1972 | 103,299 | 52,466 | 6,665 | 45,801 | 24,870 | 54.3 | 24.1 |
| 1973 | 104,280 | 52,964 | 7,480 | 45,484 | 25,380 | 55.8 | 24.3 |

Figures for males and females over 14 at school in respect of 1969 are estimated.

* Activity rate is arrived at by dividing the labour force by the working age population and expressing it as a percentage.